

PRELIMINARY OFFICIAL STATEMENT DATED MAY 26, 2020

SERIAL BONDS BOND ANTICIPATION NOTES

RATINGS: See "Ratings" herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds and the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds and the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "Tax Matters" herein).

The District WILL NOT designate the Bonds or the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

CITY SCHOOL DISTRICT OF THE CITY OF CORNING STEUBEN, SCHUYLER AND CHEMUNG COUNTIES, NEW YORK

\$22,845,000*

SCHOOL DISTRICT SERIAL BONDS - 2020 (the "Bonds")

Date of Issue: Date of Delivery

Maturity Dates: June 15, 2021-2034

\$20,088,000

BOND ANTICIPATION NOTES – 2020A (the "Series A Notes")

Date of Issue: June 17, 2020

Maturity Date: June 16, 2021

\$14,560,000

BOND ANTICIPATION NOTES – 2020B (the "Series B Notes", together with the Series A Notes, the "Notes")

Date of Issue: June 30, 2020

Maturity Date: June 29, 2021

The Bonds and the Notes are general obligations of the City School District of the City of Corning, Steuben, Schuyler, and Chemung Counties, New York (the "District") and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Bonds and the Notes and, unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount. (See "Nature of the Obligation," herein.)

The Bonds will be dated their Date of Delivery and will bear interest from such date payable semiannually on June 15 and December 15 in each year until maturity commencing June 15, 2021. The Bonds will mature on June 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to redemption prior to maturity. (See "Optional Redemption for the Bonds" herein.)

The Series A Notes are dated June 17, 2020 and will bear interest from that date until June 16, 2021, the maturity date, at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

The Series B Notes are dated June 30, 2020 and will bear interest from that date until June 29, 2021, the maturity date, at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

At the option of the purchaser(s), the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate(s). Principal of and interest on such Notes will be payable in Federal Funds by the District at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry form, such Notes will be delivered to DTC, which will act as securities depository for the Notes. The Bonds will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds and for those Notes issued in book-entry form. A single note certificate will be issued for those Notes issued in book-entry form bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, except for one odd denomination for the Series A Notes. Purchasers will not receive certificates representing their ownership interest in the Bonds and for those Notes issued in book-entry form. Payment of the principal of and interest on the Bonds and for those Notes issued in book-entry form will be paid in Federal Funds by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds and for those Notes issued in book-entry form as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its

This Preliminary Official Statement and the information contained in it are subject to completion and amendment in a final Official Statement. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there may not be any sale of the Bonds and the Notes offered by this Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification of the Bonds and the Notes under the securities laws of that jurisdiction.

participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See “*Book-Entry-Only System*” herein).

The Bonds and the Notes are offered subject to the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Capital Markets Advisors, LLC has served as Municipal Advisor to the District in connection with the issuance of the Bonds and the Notes. It is expected that delivery of the Bonds and the Series A Notes through the offices of DTC in Jersey City, New Jersey or as otherwise agreed upon with the purchasers will be made on or about June 17, 2020. It is expected that delivery of the Series B Notes through the offices of DTC in Jersey City, New Jersey or as otherwise agreed upon with the purchaser(s) will be made on or about June 30, 2020.

THIS OFFICIAL STATEMENT IS IN A FORM “DEEMED FINAL” BY THE DISTRICT FOR PURPOSES OF THE SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”). FOR A DESCRIPTION OF THE DISTRICT’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING FOR THE BONDS” AND “DISCLOSURE UNDERTAKING FOR THE NOTES” HEREIN.

* Preliminary, subject to change.

Dated: June __, 2020

The Bonds mature on June 15 in each year as set forth below:

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number***</u>
2021	\$1,495,000			
2022	1,510,000			
2023	1,530,000			
2024	1,545,000			
2025	1,565,000			
2026	1,585,000			
2027	1,610,000			
2028	1,635,000			
2029	1,655,000	**		
2030	1,685,000	**		
2031	1,710,000	**		
2032	1,740,000	**		
2033	1,775,000	**		
2034	1,805,000	**		

* Preliminary, subject to change.

** The Bonds maturing in the year 2029 and thereafter will be subject to optional redemption prior to maturity, as described herein. See "Optional Redemption for the Bonds" herein.

*** CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Bonds. The District is not responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Bonds or as indicated above.

**CITY SCHOOL DISTRICT OF THE CITY OF CORNING
STEUBEN, SCHUYLER AND CHEMUNG COUNTIES, NEW YORK**

Board of Education

Dr. Dale R. WexellPresident
Victoria Zingler Vice President
Marjorie Lawlor Board Member
Kevin Ashton..... Board Member
Kristina Belanger..... Board Member
Mary Franklin..... Board Member
Janelle Meteer..... Board Member
Kelley Bacalles..... Board Member
Dr. James Webb Board Member

Mike GinalskiSuperintendent of Schools
Paul Webster..... School Business Official
Karen Dutcher District Clerk
James Housworth District Treasurer
Harris Beach PLLC. School Attorney

BOND COUNSEL

**Hawkins Delafield & Wood LLP
New York, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(716) 662-3910**

No person has been authorized by the City School District of the City of Corning to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. 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 changes in the affairs of the District since the date hereof.

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OFFICIAL STATEMENT

**CITY SCHOOL DISTRICT OF THE CITY OF CORNING
STEUBEN, SCHUYLER AND CHEMUNG COUNTIES, NEW YORK
relating to**

\$22,845,000*

**SCHOOL DISTRICT SERIAL BONDS - 2020
(the "Bonds")**

Date of Issue: Date of Delivery

Maturity Dates: June 15, 2021-2034

\$20,088,000

**BOND ANTICIPATION NOTES – 2020A
(the "Series A Notes")**

Date of Issue: June 17, 2020

Maturity Date: June 16, 2021

\$14,560,000

**BOND ANTICIPATION NOTES – 2020B
(the "Series B Notes", together with the Series A Notes, the "Notes")**

Date of Issue: June 30, 2020

Maturity Date: June 29, 2021

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the City School District of the City of Corning in the Counties of Steuben, Schuyler and Chemung, State of New York (the "District," "Counties" and "State," respectively) in connection with the sale of \$22,845,000* School District Serial Bonds - 2020 (the "Bonds"), \$20,088,000 Bond Anticipation Notes – 2020A (the "Series A Notes") and \$14,560,000 Bond Anticipation Notes – 2020B (the "Series B Notes", together with the Series A Notes, the "Notes").

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

THE BONDS

Description

The Bonds will be dated their Date of Delivery, will bear interest from such date payable semiannually on June 15 and December 15 in each year until maturity commencing June 15, 2021 and will mature on June 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity as discussed herein. (See "Optional Redemption for the Bonds" herein).

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

Principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal of and interest on to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the District referred to therein.

THE RECORD DATE FOR PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS WILL BE THE LAST BUSINESS DAY OF THE MONTH PRECEDING EACH INTEREST PAYMENT DATE.

* Preliminary, subject to change.

Authority for and Purpose of the Bonds

The Bonds are authorized to be issued pursuant to the Constitution and laws of the State, including the Education Law and the Local Finance Law, and a bond resolution duly adopted by the Board of Education of the District on July 30, 2014, and thereafter approved by a majority of the voters at a referendum on September 23, 2014, authorizing the issuance of \$63,000,000 serial bonds to pay the cost of additions, alterations and improvements to District buildings and sites.

The proceeds of the Bonds, along with \$2,545,000 of budgetary appropriations, will redeem a \$25,390,000 portion of the District's \$38,985,000 bond anticipation notes maturing on June 18, 2020.

Optional Redemption for the Bonds

Call Provisions. The Bonds maturing on or before June 15, 2028 will not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2029 will be subject to redemption prior to maturity, on any date, at the option of the District, on June 15, 2028 and thereafter, in whole or in part, at par plus accrued interest to the redemption date.

Call Notification. If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the District. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date (See "*Book-Entry-Only System*" for additional information concerning redemptions).

THE NOTES

Description- Series A Notes

The Series A Notes will be dated June 17, 2020 and will mature, without option of prior redemption, as set forth on the front cover page.

The Series A Notes will not be subject to prior redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

Authority for and Purpose of the Series A Notes

The Series A Notes are authorized to be issued pursuant to the Constitution and laws of the State, including the Education Law and the Local Finance Law, and i) a bond resolution duly adopted by the Board of Education of the District on July 30, 2014, and thereafter approved by a majority of the voters at a referendum on September 23, 2014, authorizing the issuance of \$63,000,000 serial bonds to pay the cost of additions, alterations and improvements to District buildings and sites, ii) financing the acquisition of various school buses and vehicles, pursuant to the Bond Resolution adopted by the Board of Education on February 15, 2017 authorizing the issuance of \$455,000 serial bonds, and thereafter approved as a Bond Proposition by a majority of the qualified voters of the District present and voting at the Annual District Meeting and Election duly called and held on May 16, 2017, iii) for the acquisition of various school buses and vehicles, pursuant to the Bond Resolution adopted by the Board of Education on March 21, 2018 authorizing the issuance of \$627,000 serial bonds, and thereafter approved as a Bond Proposition by a majority of the qualified voters of the District present and voting at the Annual District Meeting and Election duly called and held on May 15, 2018, iv) the acquisition of various school buses and vehicles, pursuant to the Bond Resolution adopted by the Board of Education on March 20, 2019 authorizing the issuance of \$633,000 serial bonds, and thereafter approved as a Bond Proposition by a majority of the qualified voters of the District present and voting at the Annual District Meeting and Election duly called and held on May 21, 2019.

The proceeds of the Series A Notes, along with \$1,235,000 and \$532,000 of budgetary appropriations, will redeem and renew a portion of the District's \$38,985,000 and \$8,260,000 of bond anticipation notes maturing on June 18, 2020.

Description- Series B Notes

The Series B Notes will be dated June 30, 2020 and will mature, without option of prior redemption, as set forth on the front cover page.

The Series B Notes will not be subject to prior redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

Authority for and Purpose of the Series B Notes

The Series B Notes are authorized to be issued pursuant to the Constitution and laws of the State, including the Education Law and the Local Finance Law, and bond resolution duly adopted by the Board of Education of the District on July 31, 2019.

The proceeds of the Series B Notes will be used to provide original financing for the construction of additions, alterations and improvements to District facilities and the sites thereof, pursuant to the Bond Resolution adopted by the Board of Education on July 31, 2019, and thereafter approved as a Bond Proposition by a majority of the qualified voters of the District present and voting at the Special District Meeting duly called and held on September 24, 2019 authorizing a total amount of financing of \$78,905,000.

THE BONDS AND THE NOTES

Nature of Obligation

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

The Bonds and 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. For the payment of such principal and interest the District has power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. Chapter 97 of the Laws of 2011, as amended (the "*The Tax Levy Limit Law*"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy. The amount of such year-to-year increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. (See "*The Tax Levy Limit Law*" herein.)

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds and if so requested, for the Notes. The Bonds and if so requested, the Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC. One fully registered note certificate will be issued for the Notes bearing the same rate of interest and CUSIP and 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 the Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each bond or 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 Bonds and 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 the Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds and 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 the Bonds and the 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 Bonds and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and the Notes unless authorized by a Direct Participant in accordance with DTC's Money Market Instruments (MMI) Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

Principal and interest payments on the Bonds and 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 or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds and 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, bond and 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, bond and note certificates will be printed and delivered as applicable.

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 INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS AND THE NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS AND THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS AND THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS AND THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS AND 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 BONDS AND THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS ; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS AND THE NOTES.

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND SCHOOL DISTRICTS OF THE STATE

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

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget 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 therefor. (See “*State Aid*” herein).

Should the District fail to receive monies expected from the State in the amounts or at the times expected, the District is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State Aid.

If and when a holder of any of the Bonds or Notes should elect to sell a Bond or Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds or Notes. In addition, the price and principal value of the Bonds and Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and the Notes and other debt issued by the District. Any such future legislation could have an adverse effect on the market value of the Bonds and the Notes (See “*Tax Matters*” herein).

The enactment of Chapter 97 of the Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, school districts, including the District, and fire districts in the State could have an impact upon operations of the District and as a result, the market price for the Bonds or Notes. (See “*Tax Levy Limit Law*,” herein.)

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State’s economy and financial condition due to the COVID-19 outbreak 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. (See “*State Aid*” and “*Events Affecting New York School Districts*” herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District’s financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District’s operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See “*State Aid*” and “*Events Affecting New York School Districts*” herein).

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Bonds and the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificates of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds and the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Bonds and the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds and the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds and the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the respective issue dates, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds or the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds and the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds and the Notes to become included in gross income for federal income tax purposes retroactive to their respective issue dates, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificates, will certify to the effect that the District will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds and the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds and the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond or a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds and the Notes.

Prospective owners of the Bonds and the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations

(including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds and the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond or Note (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond or note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds or Notes. In general, the issue price for each maturity of Bonds and Notes is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bond or Note having OID (a "Discount Obligation"), OID that has accrued and is properly allocable to the owners of the Discount Obligation under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bond or the Note.

In general, under Section 1288 of the Code, OID on a Discount Obligation accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Obligation. An owner's adjusted basis in a Discount Obligation is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond or Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Obligation even though there will not be a corresponding cash payment.

Owners of Discount Obligations should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Obligations.

Bond Premium

In general, if an owner acquires a Bond or Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond or Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Bond or Note (a "Premium Obligation"). In general, under Section 171 of the Code, an owner of a Premium Obligation must amortize the bond premium over the remaining term of the Premium Obligation, based on the owner's yield over the remaining term of the Premium Obligation determined based on constant yield principles (in certain cases involving a Premium Obligation callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond or Note). An owner of a Premium Obligation must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Obligation, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Obligation may realize a taxable gain upon disposition of the Premium Obligation even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Obligation should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Obligations.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds and the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with,

a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond or a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds and the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds and the Notes under federal or state law or otherwise prevent beneficial owners of the Bonds and the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds and the Notes.

Prospective purchasers of the Bonds and the Notes should consult their own tax advisors regarding the foregoing matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS AND THE NOTES

Absence of Litigation

Upon delivery of the Bonds and the Notes, the District shall furnish certificates of the School Attorney, dated the date of delivery of the Bonds and the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds and the Notes, or in any way contesting or affecting the validity of the Bonds and the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds and the Notes, and further stating that there is no controversy or litigation of any nature now pending or threatened by or against the District wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the District or adversely affect the power of the District to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds and Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes will be subject to the respective final approving opinions of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the District with respect to the Bonds and the Notes, which will be available at the time of delivery of the Bonds and the Notes.

Said opinions will be to the effect that the Bonds and the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the District is subject to the levy of ad valorem real estate taxes to pay the Bonds and the Notes and interest thereon without limitation of rate or amount.

The opinions shall also discuss the treatment of interest on the Bonds and the Notes under applicable tax laws, as further described in the section entitled "*Tax Matters*" and shall contain further statements to the effect that (a) the enforceability of rights or remedies with respect to the Bonds and the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firm gives no assurances as to the adequacy, sufficiency or completeness of the Official Statement of the District relating to the Bonds and the Notes, or any proceedings, reports, correspondence, financial statements or other

documents, containing financial or other information relative to the Bonds and the Notes which have been or may be furnished or disclosed to purchasers of the Bonds and the Notes.

Closing Certificates

Upon the delivery of the Bonds and the Notes, the purchasers will be furnished with the following items: (i) Certificates of the President of the Board of Education and certain officers of the District to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Bonds and the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the District since the date of this Official Statement to the date of issuance of the Bonds and the Notes; and having attached thereto a copy of this Official Statement; (ii) Certificates signed by an officer of the District evidencing payment for the Bonds and the Notes; and (iii) Signature Certificates evidencing the due execution of the Bonds and the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Bonds and the Notes or the collection of revenues to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Bonds and the Notes were authorized or affecting the validity of the Bonds and the Notes thereunder, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds and the Notes have been repealed, revoked or rescinded, and (iv) a Tax Certificate executed by the chief fiscal officer of the District, as described under “*Tax Matters*” herein.

CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational control measures; 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.

DISCLOSURE UNDERTAKING

Disclosure Undertaking for the Bonds

At the time of the delivery of the Bonds, the District will provide an executed copy of its “Undertaking to Provide Continuing Disclosure” substantially as set forth in Appendix D.

Disclosure Undertaking for the Notes

This Official Statement is in a form “deemed final” by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Notes, the District will provide an executed copy of its “Undertaking to Provide Notices of Events” substantially as set forth in Appendix E.

Prior Disclosure History

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

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "____" to the Notes and "____" to the Bonds and the outstanding uninsured bonds of the District.

Such ratings reflect only the view of such organization, and an explanation of the significance of such rating may be obtained only from Moody's, at the following address: 7 World Trade Center at 250 Greenwich Street, New York, NY 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Bonds and the Notes or the availability of a secondary market for the Bonds and the Notes.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Hopewell Junction, New York, (the "Municipal Advisor") has served as the independent Municipal Advisor to the District in connection with the sale of the Bonds and the Notes.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds and the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from Mr. Paul Webster, Business Official, 165 Charles Street, Painted Post, NY 14870, phone: (607) 936-3704, x 2713, email: pwebster@cpmail.com or from the District's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the District and the original purchasers or holders of any of the Bonds and the Notes.

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

CITY SCHOOL DISTRICT OF THE CITY OF CORNING Steuben, Schuyler and Chemung Counties, New York

By: _____
Dr. Dale R. Wexell
President of the Board of Education

DATED: June __, 2020

THE DISTRICT

General Information

The District, with a population of approximately 33,350 according to District Officials, has a land area of approximately 237 square miles and is situated primarily in the county of Steuben, with portions extending into Schuyler and Chemung counties. The District includes all of the city of Corning and the towns of Corning and Hornby; portions of the Towns of Big Flats, Bradford, Campbell, Catlin, Dix, Erwin, Lindley, Orange, Caton, and Southport; as well as all of the villages of Painted Post, Riverside and South Corning.

The city of Corning is located at the crossroads of Interstate 86, the east-west “Southern Tier Expressway,” and NYS Route 99, which runs north-south. The District is served by airlines operating out of the Chemung County Airport. Rail service is provided by Norfolk Southern-Conrail. Public utilities serving the District include NYS Electric & Gas Corporation, Corning Natural Gas Corporation, Columbia Gas of New York, Consolidated Gas Supply Corporation and Verizon New York Inc.

The District is generally rural in character with both agricultural and industrial development and major employers.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education, which consists of nine members, including the President and Vice President. Board members are elected for overlapping terms of three years. The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by such Board, include the Superintendent of Schools, School Business Official, District Clerk and District Treasurer.

District Facilities

The District currently operates the following facilities:

TABLE 1
School Statistics

<u>Name of School</u>	<u>Grades</u>	<u>Year of Construction</u>	<u>State Rated Capacity</u>
Carder Elementary	K-5	1955	468
Smith Elementary	K-5	1957	426
Severn Elementary	K-5	1955	546
Erwin Valley Elementary	K-5	1957	292
Gregg Elementary	K-5	1952	378
Winfield Elementary	K-5	1957	405
High School	9-12	1963	3,420
Middle School	9-12	1963	<u>2,700</u>
Total Capacity			8,635

Source: District officials.

Financial Organization

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

Employees

There are approximately 1,012 persons employed by the District. The collective bargaining units which represent District employees and the expiration dates of current collective bargaining agreements are as follows:

TABLE 2
Employees

<u>Approximate # of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
20	Administrators/Supervisors' Association	06/30/2022
292	Civil Service Employees' Association	06/30/2023
191	Corning Teaching Assistant Association	06/30/2023
482	Corning Teachers' Association	06/30/2022

Source: District Officials

Employee Pension and Other Post-Employment Benefits

All non-teaching and non-certified administrative employees of the School 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 the Teachers' Retirement System are deducted from the School District's State aid payments.

Both the ERS and the TRS are non-contributing with respect to members hired prior to July 27, 1976. The Retirement Systems are non-contributory with respect to members working ten or more years. All members working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs. Employees hired on or after April 1, 2013 have a variable contribution amount. See further details herein.

The following table details the actual contributions to ERS and TRS for the past three audited fiscal years and the 2020 budgeted contributions:

<u>Year Ended</u>	<u>ERS</u>	<u>TRS</u>
2020 <i>Budgeted</i>	\$ 1,184,420	\$ 3,429,431
2019	1,184,349	4,162,158
2018	1,249,282	3,666,178
2017	1,168,114	4,344,034

On December 10, 2009, then Governor Paterson signed into law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010. New ERS employees will now contribute 3% of their salaries and new TRS employees will contribute 3.5% of their salaries. There is no provision for these contributions to cease after a certain period of service.

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

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. Under the previous method, the District was unsure of how much it paid to the system until after its budget was implemented. Under the current method the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the District will be able to more accurately include the cost of the contribution into its budget. The reform legislation also (i) required the District to make a minimum contribution of 4.5% of payroll every

year, including years in which the investment performance of the fund would make a lower contribution possible and (ii) moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004.

The estimated average contribution rate for participating employers in the ERS will decrease in fiscal year 2019-20 from 14.9 percent of payroll to 14.6 percent of payroll. The New York State TRS rate for the 2018-19 fiscal year was 10.62%. The 2019-20 TRS rate is estimated at 8.86%.

Due to poor performance of the investment portfolio of the State Retirement System, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rates for required pension contributions to the SRS will continue to increase. To help mitigate the impact of their ERS increases, legislation has been enacted that permits local governments and school districts to amortize a portion of such contributions. Under such legislation, local governments and school districts that choose to amortize a portion of their ERS contributions will be required to set aside and reserve funds with the SRS for certain future rate increases.

In Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing SCO, which was adopted in 2010. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. The plan, which was approved in Governor Cuomo’s 2016-17 budget would let districts contribute 14.13% of employee costs toward pensions. The District has not opted into the pension smoothing plan.

The TRS SCO deferral plan is available to school districts. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan.

Effective July 1, 2017, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

The following table summarizes the District’s changes in the total OPEB Liability for the year ended June 30, 2019:

Balance at June 30, 2018	<u>\$290,338,918</u>
Changes for the year:	
Service Cost	10,181,985
Interest	10,556,757
Changes of Benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions or other inputs	(7,519,018)
Benefit payments	<u>(7,965,572)</u>
Net changes	<u>5,254,152</u>
Net OPEB obligation – end of year	<u>\$295,593,070</u>

Source: Audited Financial Statements

Investment Policy/Permitted Investments

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

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

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

The Board of Education had adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

FINANCIAL FACTORS

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid.

Property Tax

The following table sets forth total general fund revenues and real property tax revenues including other property tax items during the last five audited fiscal years and budgeted for the current and proposed for the ensuing fiscal years.

TABLE 3
Property Taxes

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes and Tax Items</u>	<u>Real Property Taxes as Percentage of Revenues</u>
2015	\$99,023,383	\$54,035,571	54.6%
2016	100,301,769	54,175,026	54.0%
2017	102,745,622	54,612,422	53.2%
2018	105,367,132	55,528,562	52.7%
2019	109,150,026	56,769,617	52.0%
2020 Budget	112,114,310	54,057,931	48.2%
2021 Proposed Budget	112,695,971	54,057,931	48.2%

Source: District's audited financial statements and budgets.

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the School Districts can be paid only if the State has such monies available for such payment.

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

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

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

The following table sets forth total general fund revenues and State aid revenues during the last five fiscal years, and the amount budgeted for the current and proposed for the ensuing fiscal years.

TABLE 4
State Aid Revenue

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2015	\$99,023,383	\$41,499,603	41.9%
2016	100,301,769	43,730,691	43.6%
2017	102,745,622	45,442,529	44.2%
2018	105,367,132	46,483,480	44.1%
2019	109,150,026	48,793,661	44.7%
2020 Budget	112,114,310	51,883,864	46.2%
2021 Proposed Budget	112,695,971	52,437,269	46.3%

Source: District's audited financial statements and budgets

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See "STAR – School Tax Exemption" herein). The District has received timely STAR aid from the State for the current fiscal year.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2018-2019 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during fiscal year 2018-2019 and fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which are effective in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State's income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues. The State's 2018-2019 Enacted Budget includes legislation decoupling certain linkages between federal and local income tax and corporate taxes, increasing the opportunities for charitable contributions, and providing an option to employers to shift to an employer compensation tax and reduce State personal income taxes. In addition, the State's 2018-2019 Enacted Budget includes legislation that grants localities the option to establish local charitable funds that would provide taxpayers with a credit against their property taxes. The District has not exercised this option.

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 federal 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.

Litigation regarding apportionment of State aid. In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity (“CFE”) v. State of 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 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 State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in Campaign for Fiscal Equity (“CFE”) v. State of New York, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled NYSER v. State of New York has been filed recently on behalf of the State’s public school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in CFE v. State of New York. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER’s claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

Recent Events Affecting New York School Districts

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 school district.

School district fiscal year (2012-13): The State Legislature adopted the State budget on March 30, 2012. The budget included an increase of \$751 million in State aid for school districts.

School district fiscal year (2013-14): The State Legislature adopted the State budget on March 29, 2013. The budget included an increase of \$1.0 billion in State aid for school districts.

School district fiscal year (2014-15): The State Legislature adopted the State budget on April 1, 2014. The budget included an increase of \$807 million in State aid for school districts totaling \$21.88 billion in State aid for New York school districts.

School district fiscal year (2015-16): The State Legislature adopted the State budget on April 1, 2015. The budget provides for school aid of approximately \$23.5 billion, which represents an increase of approximately \$1.3 billion, or 7.4%, in total school aid spending from the 2014-15 school year. The budget continues a three-year appropriation methodology established in the 2011-12 State fiscal year and limits future school aid increases to growth as measured by the total personal income of residents of the State.

School district fiscal year (2016-17): The State Legislature adopted the State budget on March 31, 2016. The budget includes an increase of \$991 million in State aid for school districts over the 2015-16 budget, \$863 million of which consists of traditional operating aid. In addition to the \$408 million of expense based aid, the budget includes a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase includes \$100 million in Community Schools Aid, a newly adopted 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 budget includes School Aid spending of \$24.8 billion, a \$1.5 billion increase (6.5% increase) from the prior fiscal year.

School district fiscal year (2017-18): The State budget included an increase \$1.1 billion in State Aid to school districts, including a \$700 million increase in Foundation Aid. The budget included School Aid spending of \$25.8 billion, an increase of 4.4% from the prior fiscal year.

School district fiscal year (2018-19): The State Legislature adopted the state budget on March 30, 2018. The budget increased Education Aid by \$1 billion, including a \$619 million increase in Foundation Aid, without revision to the formula, bringing the new Education Aid total to \$26.7 billion or an increase of 3.9 percent.

The State's enacted budget for the 2019-20 fiscal year includes a more than \$1 billion increase in aid to schools, which includes a \$618 million dollar increase in Foundation Aid. The new Education Aid total is \$27.9 billion — an increase of 3.8%. The budget directs a majority of such additional funding (over 70%) to the State's more economically disadvantaged school districts.

The School District presently anticipates an increase in its State Aid not related to building aid for its 2019-20 fiscal year in an amount of \$712,285.

The State Budget for the 2019-20 fiscal year provides \$52.49 million of State Aid to the District, a 7.24% increase from the District's 2018-19 school year.

It should also be noted that the School District receives federal aid for certain programs. In its last audited fiscal year, the School District received \$364,387 in such direct federal aid. It is not possible to predict whether such aid will continue in the future, or if continued, whether it will be funded at present levels.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the District's 2019-20 fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget is 3.7 percent lower than in the State's 2019-2020 Enacted Budget but is offset in part with increased Federal support. This reduction in State Operating Funds support will be offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school

district fiscal year 2020-2021 is expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continues prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provides over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "State Aid" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget and recent releases by the State regarding the projected revenue shortfalls in such budget.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the District as "No Designation" (see <https://osc.state.ny.us/localgov/fiscalmonitoring/schools/pdf/2018/summary-list.pdf>).

Independent Audit

The District retains Lumsden and McCormick LLP, CPA. as independent certified public accountants to audit its financial statements. Appendix C to the Official Statement presents a copy of the District's most recent audited financial report. In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State.

New York State Comptroller's Audit

Many school districts throughout the state can be subject to an audit of the New York State Office of the Comptroller ("OSC") pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

On July 1, 2011, OSC, Division of Local Government and School Accountability released an audit of the District to review selected District's information technology controls from July 1, 2009 through December 31, 2011. The audit was conducted to determine if the District's controls correctly prevent improper access to its information technology systems and data and provide for appropriate monitoring of network activities. The vulnerabilities found in the audit contained sensitive information and were not outlined in the report. Rather, the results were shared directly with the District and District Officials agreed with the findings. The District has worked to modify the vulnerabilities found in the audit from the OSC. The link to the OSC report is as follows: <http://www.osc.state.ny.us/localgov/audits/schools/2011/corning.pdf>.

On October 7, 2016, OSC, Division of Local Government and School Accountability released an audit of the District to review selected District's procurement practices from July 1, 2014 through April 26, 2016. The audit found that the District's procurement policy does not include procedures for attaining professional services and that the District did not always properly enact competitive processes through requests for proposals to obtain quotes for said professional services. The link to the OSC report is as follows: <http://www.osc.state.ny.us/localgov/audits/schools/2016/corning.pdf>.

The OSC has not conducted any other audits of the District in the past five years.

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund, school lunch fund and debt service fund. In addition, a capital projects fund is used to record capital facilities while a trust and agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

The District's governmental funds are accounted for on a modified accrual basis whereby revenues, other than those susceptible ("measurable" and "available" to finance current operations) to accrual, are recorded when received in cash. Revenues susceptible to accrual include real property taxes and State aid. The District generally records expenditures on the accrual basis when fund liabilities are incurred, except as follows: Interest on general obligation debt which is recorded when it becomes due. Unfunded pension costs are recognized as expenditure when billed by the State. Accumulated vacation and sick leave are also accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase; food and supplies in school lunch are inventoried and carried at values which approximate market. Fixed assets are recorded at replacement cost as determined by appraisal; there is no provision for depreciation expense.

Budgetary Procedure

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. Under current law, the budget is submitted to voter referendum on the third Tuesday in May each year.

On May 21, 2019, a majority of the voters of the District approved the District's budget for the 2019-20 fiscal year. Summaries of the District's Adopted Budget for the fiscal year 2019-20 and Proposed Budget for 2020-21 may be found in Appendix B, herein.

TAX INFORMATION

Real Property Tax Assessments and Rates

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the city of Corning and the towns which comprise the District. Assessment valuations are determined by the city and town assessors and the State Board of Equalization and Assessment which is responsible for certain utility and railroad property. In addition, the State Office of Equalization and Assessment annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is

not subject to constitutional real property taxing limitations. (See, however, “*The Tax Levy Limit Law*” herein).

Table 5
Assessed and Full Valuation

Based on Special Equalization Rates

Assessment Roll Year:	2015	2016	2017	2018	2019
FYE:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City of Corning					
Assessed Value	\$638,462,964	\$630,287,106	\$627,182,644	\$632,596,625	\$633,913,357
Equalization Rate	98.89%	99.66%	96.41%	94.08%	95.19%
Full Value	\$645,629,451	\$632,437,393	\$650,536,919	\$672,402,875	\$665,945,327
Assessment Roll Year:	2014	2015	2016	2017	2018
FYE:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town of Big Flats					
Assessed Value	\$14,131,575	\$14,821,283	\$14,845,575	\$15,172,992	\$15,323,487
Equalization Rate	94.96%	99.04%	97.42%	96.01%	96.72%
Full Value	\$14,881,608	\$14,964,946	\$15,238,734	\$15,803,554	\$15,843,142
Town of Bradford					
Assessed Value	\$474,722	\$464,787	\$455,315	\$454,603	\$455,059
Equalization Rate	79.66%	82.20%	79.25%	76.72%	70.56%
Full Value	\$595,935	\$565,434	\$574,530	\$592,548	\$644,925
Town of Campbell					
Assessed Value	\$1,368,163	\$53,875,923	\$53,640,501	\$52,994,992	\$53,145,374
Equalization Rate	2.19%	98.38%	98.64%	93.11%	87.27%
Full Value	\$62,473,196	\$54,763,085	\$54,380,070	\$56,916,542	\$60,897,644
Town of Catlin					
Assessed Value	\$50,312,559	\$51,927,183	\$52,124,359	\$56,294,141	\$56,192,476
Equalization Rate	90.02%	92.07%	89.52%	93.67%	93.75%
Full Value	\$55,890,423	\$56,399,677	\$58,226,496	\$60,098,368	\$59,938,641
Town of Caton					
Assessed Value	\$150,215,396	\$146,487,062	\$166,268,081	\$166,008,598	\$161,678,117
Equalization Rate	89.65%	89.48%	98.17%	96.76%	97.03%
Full Value	\$167,557,608	\$163,709,278	\$169,367,506	\$171,567,381	\$166,626,937
Town of Corning					
Assessed Value	\$378,151,770	\$371,170,663	\$373,081,188	\$372,138,725	\$423,728,162
Equalization Rate	87.97%	89.21%	86.50%	83.67%	93.56%
Full Value	\$429,864,465	\$416,063,965	\$431,307,732	\$444,769,601	\$452,894,572

Town of Dix

Assessed Value	\$11,627,817	\$11,958,903	\$12,915,251	\$12,871,974	\$12,867,413
Equalization Rate	91.41%	91.49%	96.87%	94.18%	94.85%
Full Value	\$12,720,509	\$13,071,268	\$13,332,560	\$13,667,418	\$13,566,065

Town of Erwin

Assessed Value	\$586,910,319	\$587,136,075	\$588,186,475	\$588,903,986	\$608,488,622
Equalization Rate	99.36%	98.83%	96.83%	95.15%	95.34%
Full Value	\$590,690,740	\$594,086,892	\$607,442,399	\$618,921,688	\$638,230,147

Town of Hornby

Assessed Value	\$80,194,782	\$84,948,672	\$83,713,657	\$83,813,642	\$90,883,487
Equalization Rate	95.31%	100.20%	96.07%	93.81%	94.32%
Full Value	\$84,140,995	\$84,779,114	\$87,138,188	\$89,344,038	\$96,356,538

Town of Lindley

Assessed Value	\$2,627,499	\$2,628,630	\$2,632,362	\$2,722,704	\$2,629,071
Equalization Rate	2.27%	2.25%	2.13%	2.04%	2.07%
Full Value	\$115,748,855	\$116,828,000	\$123,585,070	\$133,465,882	\$127,008,261

Town of Orange

Assessed Value	\$18,803,633	\$17,894,366	\$19,781,879	\$19,765,944	\$19,583,949
Equalization Rate	91.66%	91.74%	97.67%	95.47%	94.97%
Full Value	\$20,514,546	\$19,505,522	\$20,253,792	\$20,703,827	\$20,621,195

Town of Southport

Assessed Value	\$1,079,737	\$1,492,725	\$1,565,739	\$1,498,544	\$1,612,486
Equalization Rate	82.47%	99.04%	96.35%	93.83%	94.36%
Full Value	\$1,309,248	\$1,507,194	\$1,625,053	\$1,597,084	\$1,708,866

Total:

Assessed Value	\$1,934,360,936	\$1,975,093,378	\$1,996,393,026	\$2,005,237,470	\$2,080,501,060
Full Value	\$2,202,017,579	\$2,168,681,769	\$2,233,009,051	\$2,299,850,806	\$2,320,282,261

Source: School Officials and State Office of Real Property Services.

Table 6
Tax Rates and Levy

FYE:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City of Corning	23.69	23.81	23.64	24.04	\$25.33
Town of Big Flats	24.43	23.80	23.64	24.04	\$23.81
Town of Bradford	25.47	28.70	29.19	28.62	\$33.57
Town of Campbell	825.59	23.80	23.64	24.04	\$24.24
Town of Catlin	23.70	23.81	24.89	24.04	\$24.06
Town of Caton	24.68	26.45	23.64	24.04	\$24.81
Town of Corning	24.43	24.80	26.56	26.71	\$23.81
Town of Dix	23.69	23.81	23.64	24.04	\$23.81
Town of Erwin	23.69	23.81	23.64	24.04	\$23.81
Town of Hornby	24.18	23.81	23.64	24.28	\$24.30
Town of Lindley	837.26	1000.25	1010.28	1031.63	\$23.81
Town of Orange	23.70	23.80	23.64	24.04	\$23.81
Town of Southport	<u>27.86</u>	<u>23.79</u>	<u>23.64</u>	<u>24.04</u>	<u>\$23.80</u>
Tax Levy	<u>\$49,713,789</u>	<u>\$50,557,936</u>	<u>\$50,968,797</u>	<u>51,854,114</u>	<u>\$54,057,931</u>

Source: School Officials.

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. However, the Tax Levy Limit Law imposes a statutory limit on the amount of real property taxes that a school district may levy. (See “*The Tax Levy Limit Law*” herein).

The Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the New York Laws of 2011 (herein referred to as the “Tax Levy Limit Law” or the “Law”) was signed by the Governor. The Tax Levy Limit Law modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

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”).

Under the Tax Levy Limit Law, there is 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 consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does 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 budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district’s budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, such as the Bonds and the Notes, and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does not

apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

Real Property Tax Rebate (Chapter 20)

Chapter 20 introduced a new real property tax rebate program that will provide state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption (see “STAR - School Tax Exemption,” herein) in the years 2016-2019. Residents of New York City are not eligible for the Chapter 20 Real Property Tax Rebate. For 2016, eligible taxpayers who reside outside New York City but within the Metropolitan Commuter Transportation District (“MCTD”) will receive \$130, and eligible taxpayers who reside outside the MCTD will receive \$185. Credits in 2017-2019 vary based on a taxpayer’s personal income level and STAR tax savings.

The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. For many taxpayers only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the “Big 4” cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of the Tax Levy Limitation Law.

While the provisions of Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

Tax Collection Procedure

The District’s tax bills are sent out and collected by the District’s appointed Tax Collector by the first business day of October. School taxes may be paid in full by October 31 without penalty or may be paid in two equal installments. If paid in installments, the first installment must be paid in full by October 31 to avoid penalty. After October 31 a penalty is added to the first installment as follows: 2% in November, 3% in December, 4% in January, 5% in February and 6% in March. The second installment may be paid in full by March 31 without penalty. The first installment plus any applicable penalties must be paid in full before the second installment may be paid. After March 31st unpaid taxes, along with a 7% penalty on uncollected first installment taxes and a 2% penalty on uncollected second installment taxes, are turned over by April 20 to the respective Chemung, Schuyler and Steuben County Treasurers for collection. Penalties increase by 1% for each subsequent month the tax remains unpaid. The Counties are permitted to collect and retain a 5% fee on delinquent school tax payments. The Counties are required by law to reimburse the District in full for such uncollected taxes and penalties prior to the end of the second fiscal year for which the taxes are levied.

The Counties are responsible for the collection of delinquent school taxes. The Counties may reimburse the District for unpaid school taxes from funds on hand or may borrow moneys pursuant to the Local Finance Law.

STAR – School Tax Exemption

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

For the 2019-20 school levy year, homeowners subject to certain household income limitations are eligible for an enhanced exemption and basic exemption as follows:

<u>Municipality:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>
City of Corning	\$65,100	\$28,200
Town of Bradford	49,560	21,300
Town of Campbell	68,560	29,470
Town of Caton	67,010	28,800
Town of Corning	69,800	30,000
Town of Erwin	69,800	30,000
Town of Hornby	68,400	29,400
Town of Lindley	69,800	30,000
Town of Dix	69,800	30,000
Town of Orange	69,800	30,000
Town of Big Flats	69,800	30,000
Town of Catlin	69,100	29,700
Town of Southport	69,800	30,000

Date Certified: 04/10/2020

Source: Department of Taxation and Finance

Since the 2011-12 school tax bills, there has been a 2% limit on STAR savings increases, the savings results from the Basic or Enhanced STAR exemptions are limited to a 2% increase over the prior year. When school district initially calculates their tax bills, for each municipal segment they will compare the amount of STAR savings to the maximum. If the STAR savings exceeded the maximum, the school district will use the maximum when calculating tax bills for the segment.

The maximum savings for each of the municipalities for the 2020-21 fiscal year are as follows:

<u>Municipality:</u>	<u>Basic Maximum Savings</u>	<u>Enhanced Maximum Savings</u>
City of Corning	\$725	\$1,606
Town of Big Flats	714	1,606
Town of Bradford	709	1,549
Town of Campbell	725	1,615
Town of Catlin	722	1,606
Town of Caton	725	1,606
Town of Corning	714	1,588
Town of Dix	714	1,606
Town of Erwin	714	1,606
Town of Hornby	729	1,607
Town of Lindley	726	1,610
Town of Orange	714	1,606
Town of Southport	714	1,606

Updated: 03/25/20

Source: Department of Taxation and Finance

The District expects to receive full reimbursement of such exempt taxes from the State during the current fiscal year.

Largest Taxpayers for the 2019-20 Fiscal Year

The following table presents the taxable assessments of the District's largest taxpayers from the June 1, 2019 tax roll for the 2019-20 fiscal year.

TABLE 7
Top Ten Largest Taxable Properties

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u> ⁽¹⁾	<u>% of Taxable Full Valuation</u> ⁽¹⁾
Corning, Inc.	Manufacturing	\$120,626,216	5.19%
NYS Electric & Gas Corporation	Utility	61,049,615	2.63%
Corning Natural Gas Corporation	Utility	46,356,849	1.99%
Empire Pipeline	Utility	31,119,711	1.34%
Pennsylvania Lines LLC	Railroad	22,883,207	1.01%
Emerald Springs Apts. LLC	Real Estate	11,896,300	0.51%
Wal Mart Real Estate	Retail	9,000,000	0.38%
Corning Federal Credit	Bank	8,744,100	0.37%
Corning Hotel Owner LLC	Hospitality	8,890,000	0.38%
Woods Edge Apts of Erwin LLC	Real Estate	<u>8,137,500</u>	<u>0.35%</u>
		<u>\$328,703,498</u>	<u>14.15%</u>

⁽¹⁾ The District's total full valuation based on special equalization rates for the fiscal year 2019-20 is \$2,320,282,201.

Source: District officials

DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

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

Purpose and Pledge

The District shall not give or loan any money or property to or in aid of any individual or private corporation 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 in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, 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) or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment unless the District determines to issue debt amortized on the basis of substantially level or declining annual debt service. 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 bond anticipation notes.

General

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 to prevent abuses in the exercise of such power; 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. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. (See "*The Tax Levy Limit Law*" herein).

Statutory Procedure

In general, the State Legislature has, by enactment of the Local Finance Law, authorized the power 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 Board of Education may adopt a bond resolution authorizing the expenditure of money for capital purposes and the issuance of bonds and notes in anticipation of the bonds, and such bond resolution is subject to the approval of the qualified electors of the District. The Local Finance Law provides a twenty-day statute of limitations after publication of a bond resolution, or summary thereof, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedure with respect to the Bonds and the Notes.

The Board of Education, as the finance board of the District, has the power to authorize the sale and issuance of bonds and notes, including the Bonds and the Notes. However, such finance board may delegate the power to sell the Notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

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Debt Limit

The District has the power to issue bonds and notes for any District purpose so long as the aggregate amount thereof shall not, as of the date of issuance, exceed five per centum of the average full valuation of taxable real estate of the District, less certain permitted exclusions. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the special equalization 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.

**Table 8
Computation of Debt Limit**

<u>Fiscal Year:</u>	<u>Full Valuation</u> ⁽¹⁾
2014-15	\$2,199,197,786
2015-16	2,166,311,570
2016-17	2,198,620,959
2017-18	2,260,193,822
2018-19	<u>2,320,282,261</u>
Total Five Year Valuation	<u>\$11,144,606,398</u>
Average Five Year Full Valuation	<u>\$2,228,921,280</u>
Debt Limit - 5% of Average Full Valuation	<u>\$111,446,604</u>

⁽¹⁾ The amounts shown as full valuation have been computed with the use of Special Equalization Ratios (See Table 5). Chapter 280 of the Laws of 1978 provides for the determination of special equalization ratios for city school districts, which normally has the effect of increasing the tax base of a city school district for the purpose of computing debt limits of such city school districts. Regular state equalization rates are also established by the State Board of Real Property Services and are used for all other purposes.

Statutory Debt Limit and Net Indebtedness

The following table sets forth the computation of the debt limit of the District and its debt contracting margin as of May 26, 2020.

**TABLE 9
Statutory Debt Limit and Net Indebtedness**

	<u>Special State Equalization Ratios</u>
Average Full Valuation of Taxable Real Property	\$2,228,921,280
Debt Limit (5% of Average Full Valuation)	<u>\$ 111,446,604</u>
Inclusions:	
Serial Bonds	\$ 56,470,000
Bond Anticipation Notes	<u>47,245,000</u>
Total Inclusions	\$ 103,715,000
Exclusions:	
Building Aid ⁽¹⁾	0
Appropriations to Pay Bonded Debt Service	4,460,000
Appropriations to Pay BAN Debt Service	<u>4,312,000</u>
Total Exclusions	\$ 8,772,000
 Total Net Indebtedness	 <u>\$ 94,943,000</u>
Net Debt-Contracting Margin	\$ 16,503,604
Percentage of Debt Contracting Margin Exhausted	85.1%

⁽¹⁾ The District anticipates receiving approximately 81.3% of State building aid on current bonded debt, as well as for indebtedness contracted for the Project. Small city school districts, such as the District, are not permitted to exclude such amount from the amount of Total Net Indebtedness.

Additional Borrowing

Following the issuance of the Notes, the District will have \$65,695,000 of authorized but unissued debt. The District expects to issue this amount over the next five years. The District also expects to issue in July 2020 a \$4,254,532 Installment Lease Purchase Agreement for various district-wide energy projects.

Short-Term Note Indebtedness

The District has \$47,245,000 in bond anticipation notes which will mature on June 18, 2020.

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The following table presents the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

TABLE 10
Statement of Direct and Overlapping Indebtedness

<u>Overlapping Units</u>	<u>Total Net Indebtedness</u>	<u>As of</u>	<u>Percentage Applicable</u>	<u>Applicable Net Indebtedness</u>
County of Chemung	\$52,027,464	12/19/19	1.67%	\$868,859
County of Schuylers	2,632,472	12/31/17	2.20%	57,914
County of Steuben	5,360,000	06/28/19	37.95%	2,034,120
City of Corning	6,554,600	12/15/18	60.27%	3,950,457
Town of Big Flats	2,455,000	12/30/18	1.96%	48,118
Town of Bradford	0	12/30/18	1.32%	0
Town of Campbell	3,074,655	12/30/18	30.35%	933,158
Town of Catlin	590,753	12/30/18	34.28%	202,510
Town of Caton	260,000	12/30/18	99.29%	258,154
Town of Corning	6,696,994	12/30/18	39.25%	2,628,570
Town of Dix	0	12/30/18	4.48%	0
Town of Erwin	22,156	12/30/18	96.86%	21,460
Town of Hornby	0	12/30/18	100.00%	0
Town of Lindley	0	12/30/18	99.83%	0
Town of Orange	83,377	12/30/18	19.14%	15,958
Town of Southport	0	12/30/18	0.33%	0
Village of Painted Post	1,061,000	05/31/18	100.00%	1,061,000
Village of Riverside	0	05/31/18	100.00%	0
Village of South Corning	1,433,000	05/31/18	100.00%	<u>1,433,000</u>
Total Net Overlapping Debt				\$ 13,513,278
Net Direct Debt				<u>94,943,000</u>
Total Net Direct and Overlapping Debt				<u>\$108,456,278</u>

Source: State Comptroller's Special Report on Municipal Affairs or more recently published Official Statements

Debt Ratios

The following table presents certain debt ratios relating to the District's direct and overlapping indebtedness.

TABLE 11
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$ 94,943,000	\$ 2,846	4.09%
Net Direct and Overlapping Debt	\$108,456,278	\$ 3,237	4.67%

⁽¹⁾ The population of the District is estimated by District officials to be approximately 33,350.

⁽²⁾ The District's full value of taxable real property based on Special Equalization Rates for fiscal year 2019-20 is \$2,320,282,261.

Debt Service Schedule

The following table shows the debt service requirements to maturity on all of the District's outstanding bonded indebtedness (as of May 26, 2020).

TABLE 12
Schedule of Principal and Interest on Long-Term Bond Indebtedness

<u>Fiscal Year Ending June 30</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
2020	\$4,460,000	\$1,289,069	\$5,749,069
2021	6,370,000	2,355,138	8,725,138
2022	6,410,000	2,036,638	8,446,638
2023	6,180,000	1,716,138	7,896,138
2024	6,000,000	1,407,138	7,407,138
2025	6,105,000	1,107,138	7,212,138
2026	6,230,000	801,888	7,031,888
2027	6,340,000	543,588	6,883,588
2028	3,210,000	236,138	3,446,138
2029	2,540,000	152,038	2,692,038
2030	1,300,000	78,750	1,378,750
2031	1,065,000	39,750	1,104,750
2032	<u>260,000</u>	<u>7,800</u>	<u>267,800</u>
Total:	<u>\$56,470,000</u>	<u>\$11,771,211</u>	<u>\$68,241,211</u>

Note: Columns may not sum due to rounding.

Source: District Officials

ECONOMIC AND DEMOGRAPHIC DATA

School Enrollment Trends

The following table presents the past and projected school enrollment for the District.

TABLE 13
School Enrollment Trends

<u>Fiscal Year</u>	<u>Actual Enrollment</u>	<u>Fiscal Year</u>	<u>Projected Enrollment</u>
2017-18	4,760	2020-21	4,613
2018-19	4,705	2021-22	4,626
2019-20	4,617	2022-23	4,630

Source: District Officials

Population

The District estimates its population to be approximately 33,350. The following table presents population trends for the City, Counties and State, based upon recent census data.

TABLE 14
Population Trend

	<u>2000</u>	<u>2010</u>	<u>Percentage Change</u> <u>2000/2010</u>
City of Corning	11,893	11,183	(6.4%)
Steuben County	98,990	98,726	(0.3%)
Schuyler County	18,343	19,224	4.80%
Chemung County	95,195	88,830	(7.2%)
State	18,976,457	19,378,102	2.1%

Source: U.S. Census Bureau

Employment and Unemployment

The following tables provide information concerning employment and unemployment in the Counties and the State. Data provided for the Counties is not necessarily representative of the District.

TABLE 15
Civilian Labor Force
(Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Steuben County	43.7	43.2	42.7	42.6	42.5
Schuyler County	8.4	8.3	8.2	8.2	8.1
Chemung County	37.5	36.2	35.7	35.4	35.0
New York State	9,558.8	9,551.9	9,549.1	9,521.9	9,514.4

Source: New York State Department of Labor

Unemployment rates are not compiled for the District, but are available for the Counties and State. The following data is not necessarily representative of the District.

TABLE 16
Yearly Average Unemployment Rates

<u>Year</u>	<u>Steuben County</u>	<u>Schuyler County</u>	<u>Chemung County</u>	<u>State</u>
2015	6.3%	6.6%	5.9%	5.3%
2016	5.8%	6.0%	5.7%	4.8%
2017	5.7%	5.8%	5.5%	4.7%
2018	4.9%	5.1%	4.7%	4.1%
2019	4.6%	4.7%	4.2%	4.0%

Source: New York State Department of Labor

TABLE 17
Monthly Unemployment Rates

<u>Month</u>	<u>Steuben County</u>	<u>Schuyler County</u>	<u>Chemung County</u>	<u>State</u>
May 2019	4.0%	3.7%	3.8%	3.6%
June	4.1%	3.8%	4.1%	3.8%
July	4.2%	3.9%	4.4%	4.1%
August	4.2%	3.9%	4.3%	4.1%
September	3.9%	3.4%	3.9%	3.6%
October	4.0%	3.7%	4.0%	3.7%
November	4.3%	4.4%	3.9%	3.6%
December	5.0%	5.6%	4.5%	3.7%
January 2020	5.6%	6.6%	5.0%	4.1%
February	5.5%	6.4%	4.7%	3.9%
March	5.6%	6.7%	4.9%	4.2%
April	NA	NA	NA	15.0%

Source: New York State Department of Labor

TABLE 18
Largest Employers

<u>Business</u>	<u>Type</u>	<u>Approx. # of Employees</u>
Corning Incorporated	Manufacturing	5,000
Arnot Ogden Medical Center	Medical	1,600
Corning CSD	Education	1,067
Gunlocke Co., Inc.	Manufacturing	886
Alstom Transportation	Manufacturing	839
Dresser Rand	Manufacturing	698
Corning Hospital	Medical	585
Upstate Farms	Manufacturing	445
Sitel	Business Services	400
World Kitchen	Manufacturing	350

Source: Corning Area Chamber of Commerce

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the attorney for the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

End of Appendix A

CITY SCHOOL DISTRICT OF THE CITY OF CORNING
General Fund
Balance Sheets
Fiscal Year Ended June 30:

	<u>2018</u>	<u>2019</u>
<u>Assets:</u>		
Cash	\$18,992,131	\$18,981,417
Due From Other Governments	2,154,437	2,472,305
Accounts Receivable	377,194	291,495
State and Federal Aid Receivable	1,046,254	1,095,422
Due from other Funds	1,722,451	1,959,183
Inventory and Prepaid Deposits	571,400	343,800
Property Taxes Receivable	68,326	58,971
Total Assets	<u>\$24,932,193</u>	<u>\$25,202,593</u>
 <u>Liabilities and Fund Balance:</u>		
Accounts Payable	\$752,687	\$890,861
Accrued Liabilities	1,358,372	1,403,590
Due to Retirement Systems	4,194,212	4,817,257
Unavailable and Unearned Revenue	52,476	51,967
Total Liabilities	<u>6,357,747</u>	<u>7,163,675</u>
 <u>Fund Balance:</u>		
Nonspendable	1,244,059	1,043,230
Restricted	9,962,644	10,365,572
Assigned	2,937,517	2,025,920
Unassigned	4,430,226	4,604,196
	<u>18,574,446</u>	<u>18,038,918</u>
 Total Liabilities and Fund Balance	 <u>\$24,932,193</u>	 <u>\$25,202,593</u>

Source: Audited Financial Statements

CITY SCHOOL DISTRICT OF THE CITY OF CORNING
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Year Ended June 30:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Real Property Taxes & Tax Items	\$54,035,571	\$54,175,026	\$54,612,422	\$55,528,562	\$56,769,617
Charges for Services	701,251	689,190	844,157	891,987	732,749
Use of Money & Property	81,498	87,809	94,872	342,042	537,871
Sale of Prop. & Comp. for Loss	870,910	24,950	87,613	209,797	262,437
Miscellaneous	1,712,876	1,365,185	1,429,442	1,543,649	1,689,304
State Aid	41,499,603	43,730,691	45,442,529	46,483,480	48,793,661
Federal Aid	121,674	228,918	234,587	367,615	364,387
Total Revenues	<u>99,023,383</u>	<u>100,301,769</u>	<u>102,745,622</u>	<u>105,367,132</u>	<u>109,150,026</u>
Expenditures:					
General Support	11,348,318	11,806,908	12,416,765	12,888,907	13,578,743
Instruction	44,941,741	45,528,555	47,045,704	47,420,586	49,714,480
Pupil Transportation	5,204,013	5,391,375	5,859,724	6,044,317	6,333,053
Community Services	84,836	95,527	97,279	105,880	108,618
Employee Benefits	27,349,138	25,770,239	26,785,697	26,515,358	28,711,344
Debt Service	8,060,867	21,584,671	3,010,056	4,345,145	3,702,488
Total Expenditures	<u>96,988,913</u>	<u>110,177,275</u>	<u>95,215,225</u>	<u>97,320,193</u>	<u>102,148,726</u>
Excess of Revenues (Expenditures)	2,034,470	(9,875,506)	7,530,397	8,046,939	7,001,300
Other Financing Sources (Uses)					
Operating Transfer Out	(2,739,159)	11,483,127	(7,757,131)	(6,435,430)	(7,536,828)
Total Other Financing Sources (Uses)	<u>(2,739,159)</u>	<u>11,483,127</u>	<u>(7,757,131)</u>	<u>(6,435,430)</u>	<u>(7,536,828)</u>
Net Change in Fund Balances	(704,689)	1,607,621	(226,734)	1,611,509	(535,528)
Adjustments					
Fund Balance - Beg. of Year	<u>16,286,739</u>	<u>15,582,050</u>	<u>17,189,671</u>	<u>16,962,937</u>	<u>18,574,446</u>
Fund Balance - End of Year	<u>\$15,582,050</u>	<u>\$17,189,671</u>	<u>\$16,962,937</u>	<u>\$18,574,446</u>	<u>\$18,038,918</u>

Source: Audited Financial Statements
Summary not Audited

CITY SCHOOL DISTRICT OF THE CITY OF CORNING
General Fund
Statement of Estimated Revenues and Budget Appropriations
Fiscal Year Ending June 30:

	Proposed Budget <u>2020-21</u>	Adopted Budget <u>2019-20</u>
Estimated Revenues:		
Real Property Tax	\$54,057,931	\$54,057,931
Other Tax Items	4,296,171	4,076,115
Charges for Services	511,500	538,500
Use of money and property	143,400	308,200
Sale of property and compensation for loss	19,700	19,700
Miscellaneous	1,080,000	1,080,000
State Aid	52,437,269	51,883,864
Federal Aid	150,000	150,000
Subtotal Estimated Revenues	<u>112,695,971</u>	<u>112,114,310</u>
Other Sources:		
Interfund Transfers	2,225,000	1,885,000
Appropriated Fund Balance	2,796,272	1,500,000
Total Estimated Revenues & Other Sources	<u><u>\$117,717,243</u></u>	<u><u>\$115,499,310</u></u>
 Appropriations:		
General Support	\$13,271,227	\$13,697,998
Instruction	53,041,621	51,566,606
Public Safety and Transportation	6,655,953	6,650,588
Community Services	140,616	136,143
Employee Benefits	31,210,903	30,359,805
Debt Service ⁽¹⁾	2,082,880	5,300,032
Total Appropriations:	<u>106,403,200</u>	<u>107,711,172</u>
Other Uses:		
Interfund Transfers ⁽²⁾	<u>11,314,043</u>	<u>7,788,138</u>
Total Appropriations and Other Uses:	<u><u>\$117,717,243</u></u>	<u><u>\$115,499,310</u></u>

⁽¹⁾ Budgetary appropriations for Debt Service include bond anticipation note principal and interest and interest on revenue and tax anticipation notes.

⁽²⁾ Budgetary appropriations for Interfund Transfers include principal of and interest on serial bonds, capital outlay project expenditures and transfers to special aid.

Source: School District Officials