

OFFICIAL STATEMENT

RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing statutes, regulations, rulings and court decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "Tax Exemption" herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York).

The Notes will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "TAX EXEMPTION" herein.

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

\$35,555,000

BOND ANTICIPATION NOTES – 2020

(the "Notes")

Dated Date: June 25, 2020

Maturity Date: June 25, 2021

The Notes are general obligations of the City School District of the City of Elmira, in Chemung County, New York (the "District"), for the payment of which the District has pledged its faith and credit. All of the taxable real property within the District is subject to the levy of ad valorem taxes without limitation as to rate or amount to pay both principal of and interest on the Notes (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York [the "Tax Levy Limit Law"]; see "TAX INFORMATION-Tax Levy Limit Law," herein).

The Notes are dated June 25, 2020 and will bear interest from that date until June 25, 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 registered form registered in the name of the successful bidder(s) or registered book-entry form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC" or the "Securities Depository").

The Notes may be issued through DTC and, to the extent so issued, the Notes will be registered in the name of Cede & Co., as nominee of DTC in Jersey City, New Jersey, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

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

The Notes are offered when, as and if issued and received by the purchaser and subject to the approval of the legality thereof by Hodgson Russ LLP, Albany, New York, Bond Counsel. Capital Markets Advisors, LLC has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is anticipated that the Notes will be available for delivery through the facilities of DTC, located in Jersey City, New Jersey or as may be agreed upon with the purchaser(s) on or about June 25, 2020.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF RULE 15c2-12 UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE, UNDER CERTAIN CIRCUMSTANCES, CONTINUING DISCLOSURE PURSUANT TO THE RULE, SEE "DISCLOSURE UNDERTAKING" AND "APPENDIX D – FORM UNDERTAKING TO PROVIDE NOTICES OF EVENTS.

Dated: June 2, 2020

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

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Kathleen McDarby..... District Clerk

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No dealer, broker, salesman or other person has been authorized by the District or the Municipal Advisor to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. 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 Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District from sources which are believed to be reliable, but it is not to be guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

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APPENDIX D – FORM UNDERTAKING TO PROVIDE NOTICES OF EVENTS

OFFICIAL STATEMENT

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

relating to

\$35,555,000

BOND ANTICIPATION NOTES – 2020
(the “Notes”)

This Official Statement (the "Official Statement"), which includes the cover page and appendices hereto, presents certain information relating to the City School District of the City of Elmira, in the State of New York (the “District” and "State" respectively), in connection with the sale of the \$35,555,000 Bond Anticipation Notes – 2020 (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 Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other information presented herein has been provided by the District.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management’s beliefs as well as assumptions made by, and information currently available to, the District’s management and staff. **This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District’s overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See “COVID-19,” herein.**

THE NOTES

Description

The Notes will be dated June 25, 2020, and will mature, without option of prior redemption, on June 25, 2021. Interest will be calculated on a 30-day month and a 360-day year basis, payable at maturity.

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

If the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, and ownership interests in the Notes will be transferred pursuant to the book-entry system. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes. (See “Book-Entry Only System” herein.)

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

Authority for and Purpose

The Notes are issued pursuant to the Constitution and Laws of the State, including the Local Finance Law and a bond resolution dated March 16, 2016 and a public vote of the qualified voters of the District dated May 17, 2016, authorizing a maximum aggregate amount of \$43,000,000 in serial bonds along with \$8,000,000 in capital reserves for various purposes. The proceeds of the Notes, along with \$2,690,000 of District funds, will be used to redeem and renew, \$38,245,000 of bond anticipation notes maturing on June 26, 2020.

Optional Redemption

The Notes are not subject to redemption prior to maturity.

Nature of Obligation

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

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 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

IF THE NOTES ARE SO ISSUED IN BOOK-ENTRY-ONLY FORM, THE FOLLOWING PROVISIONS SHALL APPLY.

The DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for each maturity of the Notes and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in

deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 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 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 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 Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

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 NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEOWNER.

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF

OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER 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 NOTES.

Source: The Depository Trust Company

Certificated Obligations

In the event the purchaser elects to receive certificated notes or if the District discontinues the use of the book-entry only system through DTC the Notes will be issued as certificated Notes.

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

The Notes will be issued in registered certificated form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes would be payable, upon presentation, at the principal corporate trust office of a fiscal agent bank located and authorized to do business in the State of New York: (i) as selected by the initial purchaser of the Notes if such purchaser elects to receive certificated notes; or (ii) as appointed by the District if the DTC system is discontinued.

MARKET FACTORS

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

The District is dependent, in part, on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of the State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in this year or future years, the District may be affected by a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

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. Further, 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 novel coronavirus ("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 "Recent Events Affecting New York School Districts" in APPENDIX A hereto).

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

COVID-19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, which was first detected in China in December of 2019 and has since spread world-wide, was declared a pandemic by the World Health Organization on March 11, 2020.

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. As almost all nations have experienced a rise in infections and implemented containment measures that in the case of some nations (including the United States) have been drastic, economies have suffered in the extreme. The full impact is difficult to predict due to uncertainties regarding the duration and severity of the COVID-19 pandemic, but some economists have predicted that the short-term economic fallout will be worse than the 2008-09 global financial crisis. The World Trade Organization has estimated that world trade will fall by between 13% and 32% in 2020, and news outlets have reported on possibilities of supply chain problems as the pandemic spreads to different countries around the world.

While initially the hospitality and tourism industries were hardest hit, there is now widespread unemployment across all economic sectors in the United States. In the last two weeks of March and the first week of April, 2020, almost 17 million Americans filed for unemployment, and it has been reported that this may not be an accurate count because of the number of persons who attempted to file but were unable to access the overloaded systems in certain states.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic has caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve have taken significant steps to backstop those markets and to provide much-needed liquidity, but they remain volatile. Under these conditions, holders of the Notes are likely to have significantly more difficulty trading the Notes on satisfactory terms, or at all.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the \$2.3 trillion CARES Act, which attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Measures for Individuals and Businesses. Individual taxpayers who meet certain income limits will receive direct cash payments from the federal government. Unemployment rules have been changed to allow self-employed workers, independent contractors and others who would not normally qualify to receive benefits, and unemployment insurance recipients will receive an additional \$600 per week payment for up to four months.

Businesses will benefit from various federal tax law changes, including a payroll tax credit. Air carriers and businesses critical to national security are eligible for direct loans and loan guarantees from the Treasury, and the Federal Reserve has received financial support for its lending programs. Smaller businesses have been incentivized to keep workers in their jobs through the Paycheck Protection Program (offering short-term loans that can be forgiven in whole or in part).

Stimulus Efforts for State and Local Governments. The CARES Act includes a \$150 billion Coronavirus Relief Fund, which provide funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations can receive monies from the amount allocated to their state). This money is intended for programs that are necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money is not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it may indirectly assist with revenue shortfalls in cases where the expenses that are being covered by this fund would otherwise create a further budget shortfall. Because this money is targeted to larger governmental units, it is unlikely that the District will stand to benefit directly from this program.

The CARES Act also includes an Education Stabilization Fund, which provides \$30.75 billion for K-12 and higher education systems. There are three main forms of relief: \$13.2 billion for K-12 schools that will be administered on a state-by-state basis, \$14 billion for public and private colleges and universities, and \$3 billion in emergency relief that governors may distribute to schools, colleges and universities that have been particularly affected by COVID-19 and the ensuing crisis.

Municipal Liquidity Facility. The Federal Reserve is establishing a new “Municipal Liquidity Facility” (“MLF”) that will offer up to \$500 billion in direct federal lending. The MLF will purchase certain short-term debt from states, counties with at least two million residents and cities with at least one million residents. Importantly, these larger issuers may then use their own loan proceeds to make loans to smaller governmental units that would not otherwise qualify for this program. Proceeds may be used to help manage the cash flow impact of income tax deferrals resulting from an extension of income tax filing deadlines, potential reductions of tax and other revenues or increases in expenses related to or resulting from the pandemic, and requirements for the payment of principal and interest on outstanding obligations. It is not yet clear whether New York State will borrow from the MLF. If it does borrow, there is no mechanism or arrangement currently in place for the State to make loans to smaller governments within the State, although the MLF program does authorize this. It is uncertain at this point the extent to which, if at all, the District might ultimately be able to access short-term MLF loan funding through the State.

State Response

Executive Orders. Governor Cuomo has released a number of executive orders in response to the COVID-19 pandemic, including various mandates requiring “non-essential” employees to work from home. As of March 22, 100% of such “non-essential” employees have been mandated to work from home or take leave without accruals, except that as of May 15, 2020 the reductions and restrictions on the in-person workforce at non-essential businesses or other entities shall no longer apply to Phase One industries (i.e., Construction, Agriculture, Forestry, Fishing and Hunting, Retail [limited to curbside or in-store pickup or drop off], Manufacturing, and Wholesale Trade) in a region that meets the prescribed public health and safety metrics, as determined by the Department of Health. As of May 14, 2020 the Finger Lakes, Central New York, Mohawk Valley, Southern Tier, and the North Country regions meet the prescribed public health and safety metrics.

Entities providing essential services or functions are not subject to the in-person work restriction, but may only operate at the minimal level necessary to provide such service or function. Local governments are exempt from the 100% requirements, however, they are required to have no more than 50% of employees working in-person.

State Budget. The District of New York has been the epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses. At the time that the State budget was being finalized in early April, the Budget Director estimated that, due to COVID-19, the State would suffer an anticipated budget gap of \$10-\$15 billion.

To mitigate such a potential gap, the State’s adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State’s general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director’s plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances.

While the impacts of COVID-19 on the global, federal, State and local economy cannot be predicted with any certainty, the pandemic will almost certainly have a significant adverse effect on the District’s finances.

TAX EXEMPTION

Hodgson Russ LLP, of Albany, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may

cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Tax Requirements

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

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

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

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

Bank Qualified

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

Other Impacts

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

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service (“IRS”) Form W-9, Request for Taxpayer

Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Future Legislation

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

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

New York State Taxes

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

Miscellaneous

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

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the District shall furnish a certificate of the District Attorney, dated the date of delivery of 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 Notes, or in any way contesting or affecting the validity of 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 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 Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Hodgson Russ LLP, Bond Counsel. Such opinion will be available at the time of delivery of the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit, and all the taxable real property within the District is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon without limitation of rate or amount

(subject to certain statutory limitations imposed by the Tax Levy Limit Law; see "TAX INFORMATION-Tax Levy Limit Law," herein). Said opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) said law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District which have been or may have been furnished or disclosed to purchasers of the Notes, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

Upon the delivery of 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 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 Notes; and having attached thereto a copy of this Official Statement; (ii) Certificates signed by an officer of the District evidencing payment for the Notes; and (iii) Signature Certificates evidencing the due execution of 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 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 Notes were authorized or affecting the validity of 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 Notes have been repealed, revoked or rescinded, and (iv) Tax Certificates executed by the chief fiscal officer of the District, as described under "TAX EXEMPTION" herein.

DISCLOSURE UNDERTAKING

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") with respect to the Notes, the District will execute an Undertaking to Provide Notices of Events, the form of which is attached hereto as Appendix D.

Prior Disclosure History

The District has established procedures to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board ("MSRB") established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through the Electronic Municipal Market Access System ("EMMA").

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Orchard Park, New York, (the "Municipal Advisor") is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the District in connection with this transaction.

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. 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 not a law firm and does not provide legal advice with respect to this or any debt offerings of the District. 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 Notes.

RATINGS

The District has not applied for a rating on the Notes.

Moody's Investors Services, Inc. ("Moody's") has currently assigned a rating of "A1" to the uninsured outstanding bonded indebtedness of the District.

With respect to the rating, such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency. 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 Notes or the availability of a secondary market for the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from the School Business Administrator and Paying Agent Contact, Ms. Melissa Mendolera, City School District of the City of Elmira, 430 W. Washington Ave., Elmira, NY 14901, phone: (607) 735-3057, email: mmendolera@elmiracityschools.com or from the District's Financial 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 Notes.

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

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

By: /s/ Sara Lattin
Ms. Sara Lattin
Board of Education President

Dated: June 2, 2020

THE DISTRICT

General Information

The District, with a population of approximately 48,734 according to the 2010 U.S. Census, is located in the City of Elmira (the “City”). The District has a land area of approximately 110 square miles and is situated in the Counties of Chemung and Steuben..

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

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>Year of Last Addition</u>	<u>State Rated Capacity</u>
Thomas K. Beecher	3-6	1934	2005	370
Arthur W. Booth*	Pre-K - 5	1954	2002	648
Parley Coburn	3-6	1931	2005	437
George M. Diven	Pre-K - 2	1930	2004	492
Pine City Elementary	Pre-K - 2	1961	2004	492
Riverside School	Pre-K - 5	1940	2005	492
Hendy Avenue	3-6	1929	2005	480
George Washington**	K - 5	1940	2005	370
Broadway School	3-6	1962	2003	1,331
Ernie Davis	6-8	1913	2003	883
J. Sloat Fassett	Pre-K - 2	1950	2005	228
Elmira High School	10-12	1979	2004	<u>1,479</u>
Total Capacity				7,702

* Arthur W. Booth building is currently set to close August 13, 2020.

** George Washington will be permanently used as the administration building.

Source: School 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 District Treasurer, and the Business Official.

Employees

There are approximately 1,321 people employed by the District including approximately 260 part-time temporary employees and personnel not represented by any bargaining group. The collective bargaining agents, if any, which represent District employees and the dates of expirations of the various collective bargaining agreements are as follows:

TABLE 2
Employees

<u>Approximate # of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
517	Elmira Teachers Association (NYSUT)	6/30/20*
310	Instructional Support Employee’s Association (NYSUT)	6/30/23
154	Custodial, Maintenance & Cafeteria Workers (NYSUT)	6/30/22
36	Elmira Schools Supervisory & Administrative Counsel (SAANYS)	6/30/22
73	Communication Workers of America (CWA)	6/30/23

Source: School Officials
*In Negotiations

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the District are 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 Retirement System (ERS and TRS) are deducted from the School District’s State aid payments.

Both the New York State and Local Employees’ Retirement System and the New York State Teachers Retirement System (together, the “Retirement Systems”) 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 except for Tiers V and VI as described below. Employees hires 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 current budgeted fiscal years:

<u>Year Ended</u>	<u>ERS</u>	<u>TRS</u>
2020 Budgeted	\$1,775,000	\$2,950,000
2019	1,808,339	3,824,836
2018	1,829,633	3,610,501
2017	1,751,188	4,033,081

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 New York State ERS rate for the 2018-19 fiscal year was 14.9%. The ERS rate for 2019-2020 is 14.6%. The New York State TRS rate for the 2018-19 fiscal year was 10.62%. The 2019-20 TRS rate is 8.86%.

Due to poor performance of the investment portfolio of the State Retirement System in the wake of the 2008-2009 financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially, although have stabilized and actually reduced in recent years. To help mitigate the impact of such increases, legislation was enacted that permitted a school district to amortize a portion of its annual employer pension payment to the ERS only. Under such legislation, school districts that chose to amortize were required to set aside and reserve funds with the ERS for certain future rate increases. The District has not amortized any of its employer pension payments pursuant to this legislation, and expects to continue to pay all payments in full when due.

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 2014-15 budget would let districts contribute 14.13% of employee costs toward pensions.

The TRS SCO deferral plan is available to school districts for the next 7 years. 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. The District has not and does not plan to participate in the ERS or TRS SCO program.

Other Post Employment Benefits

During the year ended June 30, 2018, the School District adopted Government Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.” As a result, beginning net position was reduced by \$(242,742,485). GASB Statement No. 75 requires the School District to record its total OPEB liability, as well as deferred outflows and deferred inflows related to the OPEB plan.

See "Note 11" of the District's Financial Statements for the Fiscal Year ended June 30, 2019 for a presentation of the District's OPEB valuation. The following table summarizes the District's annual OPEB for the years ending June 30, 2019:

	Total OPEB <u>Liability</u>
Balance at June 30, 2018	\$381,216,447
Changes for the year	
Service Cost	12,445,539
Interest Cost	13,815,675
Changes of Benefit Terms	(26,470,507)
Differences between expected & actual Experience	(76,171,170)
Changes in assumptions or other inputs	17,127,370
Benefit payments	(11,162,448)
Net change	(70,415,541)
Balance at June 30, 2019	<u>\$310,800,806</u>

Source: Audited Financial Statements. Table itself not audited.

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 monies in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

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

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of instruments and investments purchased with the proceeds of 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.

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 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 to Revenues</u>
2015	\$117,586,700	\$32,854,674	27.9%
2016	121,452,692	33,162,934	27.3%
2017	126,493,775	33,184,230	26.2%
2018	128,759,658	33,304,997	25.9%
2019	128,967,089	33,976,572	26.3%
2020 <i>Budget</i>	130,709,409	34,613,009	26.5%
2021 <i>Budget</i>	132,577,631	35,264,836	26.6%

Source: District's audited financial statements and 2020 and 2021 budgets. Table itself not audited.

State Aid

The District also receives a portion of its revenues in the form of State aid. However, there is no assurance that the State appropriation for State aid to school districts will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

In addition to the amount of State Aid budgeted by the District in its 2018-19 fiscal year, the State is expected to make payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR (see "STAR-School Tax Exemption") Program. The District expects to receive timely receipt of STAR aid for the remainder of the current fiscal year.

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

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

funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein.

While the increases in State aid following this case have been targeted to high needs schools and other schools did share in the overall increase of State aid. The District is unable to predict whether this pattern of distribution will continue beyond that which is included in later legislation dealing with foundation aid. Increased State aid for New York City schools and other high needs schools may result in reductions in the future of State aid to certain school districts, including the District.

In any event, the outcome of this matter does not affect the validity of any obligations issued by the District, including the Note, nor the ability of the District to levy taxes on the taxable real property in the District to pay the Notes and the interest thereon as the same shall become due and payable.

The Gap Elimination Adjustment (GEA) law was first introduced for the 2010-11 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under legislation, a portion of the funding shortfall at the state level is divided among all school districts throughout the State and reflected as a reduction in school district state aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. Since the program began, the GEA and Deficit Reduction Assessment reduction in State aid for the District has amounted to approximately \$3.25 million annually. As a result, the District has been forced to reduce programs, services, and staff accordingly. Beginning in the 2013-14 fiscal year, the State made modest restorations to the GEA. In the 2014-15 fiscal year, the GEA was reduced by \$1.65 million, dropping the total GEA to \$1.6 million. In the 2015-16 fiscal year, it was reduced by \$1.4 million, yielding a remaining annual GEA figure of \$122,450. In the 2016-17 fiscal year, the GEA was eliminated.

The Smart Schools Bond Act was passed as part of the Enacted 2014-15 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to financed improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is \$7,090,526.

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. The 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 could be affected by a delay in the adoption of the State budget. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor.

On December 22, 2017, President Trump signed into law the significant tax reform legislation that is generally referred to as the “Tax Cuts and Jobs Act of 2017” (the “TCJA”). The TCJA made significant changes to the Code, most of which became effective for the 2018 tax year. The TCJA made extensive changes to the deductibility of various taxes, including placing a cap of \$10,000 on a taxpayer’s deduction of state and local taxes (the “SALT Deduction Limitation”). While it cannot yet be predicted what precise effects the SALT Deduction Limitation will have for the State, it is possible that government officials at both the State and local level may find it politically more difficult to raise new revenues via tax increases, since the deduction thereof, for taxpayers who itemize deductions, is now limited.

The following table sets forth total general fund revenues and State aid revenues during the last five fiscal years and budgeted for the current and 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	\$117,586,700	\$81,124,651	69.0%
2016	121,452,692	83,844,643	69.0%
2017	126,493,775	90,016,840	71.2%
2018	128,759,658	91,542,531	71.1%
2019	128,967,089	90,564,013	70.2%
2020 <i>Budget</i>	130,709,409	91,588,760	70.1%
2021 <i>Budget</i>	132,577,631	93,169,795	70.3%

Source: District's audited financial statements and 2020 and 2021 budgets. Table itself not audited.

Recent Events Affecting New York School Districts

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 totally \$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 of \$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 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.

School district fiscal year (2019-20): The State budget increased Education aid by more than \$1 billion which included a \$618 million dollar increase in Foundation Aid. The new Education Aid total is \$27.9 billion — an increase of 3.8%. The budget direct a majority of such additional funding (over 70%) to the State's more economically disadvantaged school districts..

School district fiscal year (2020-2021): Due to the below-described decrease in State revenues as a result of the COVID-19 pandemic, the State budget includes an increase of only \$95 million in State Aid (0.035% increase from the prior budget year), and Foundation Aid remains the same as the 2019-2020 fiscal year. While the budget actually includes a decrease in State aid (referred to as a “Pandemic Adjustment”), the decrease in State aid will be fully offset by the State’s allocation of federal stimulus funds. Absent the federal stimulus funds, there would have been a \$1.127 billion decrease in State aid from the 2019-2020 year.

It should be noted that the City of New York has been the epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses. At the time that the State budget was being finalized in early April, the Budget Director estimated that, due to COVID-19, the State would suffer an anticipated budget gap of \$10-\$15 billion.

To mitigate such a potential gap, the State’s adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State’s general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director’s plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances. See “COVID-19,” herein, for further details on such pandemic and its effects on the State

The State budget for the 2020-21 fiscal year provides \$92.69 million of State Aid to the District, a 0.42% increase from the District’s 2019-20 fiscal year.

The School District presently anticipates an increase in its State Aid not related to building aid for its 2020-2021 fiscal year in an amount of \$749,092.

It should also be noted that the District receives federal aid for certain programs. In its last audited fiscal year, the District received \$154,590 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 or 2020-21 fiscal years. 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.

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://www.osc.state.ny.us/localgov/fiscalmonitoring/schools/pdf/2019/summary-list.pdf>).

Independent Audit

The District retains Insero & Co. CPAs, LLP 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 March 6, 2015, OSC, Division of Local Government and School Accountability released an audit of the District to review selected District’s financial condition for the period July 1, 2011 to September 24, 2014. The audit found that the Board and District officials had not appropriately budgeted revenues and appropriations, nor had the District included sufficient detail or information related to funding and use of reserves. The OSC audit recommended that the District adopt budgets that more appropriately reflect the District’s needs and that the District set up a more comprehensive reserve policy.

The link to the most recent OSC report is as follows:
<https://www.osc.state.ny.us/localgov/audits/schools/2015/elmira.pdf>.

The OSC has not conducted any other audits of the District in the past three 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. A summary of the District’s 2019-20 and 2020-21 adopted budgets are shown in Appendix B.

The 2020-21 budget will be voted on by the qualified voters of the District on June 9, 2020.

The District has not exceeded the tax cap in the last three years as defined in the Tax Levy Limit Law 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 Elmira. Assessment valuations are determined by the City assessor 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.

Table 5
Assessed and Full Valuation
(Fiscal Years Ending June 30)
Based on Regular Equalization Rates

Assessment Roll Year:	2013	2014	2015	2016	2017	2018
For Fiscal Year Ended:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City of Elmira						
Assessed Value	\$587,407,724	\$593,169,108	\$584,941,505	\$584,763,311	\$581,172,418	\$574,739,356
Equalization Rate	89.00%	84.00%	83.00%	83.00%	83.00%	81.00%
Full Value	\$660,008,679	\$706,153,700	\$704,748,801	\$704,534,110	\$700,207,733	\$709,554,760
Tax Rate (1)	23.36%	23.39%	23.60%	23.84%	23.98%	24.80%
Town of Ashland						
Assessed Value	\$1,064,795	\$1,069,292	\$1,026,216	\$1,025,295	\$1,024,321	\$1,022,827
Equalization Rate	1.69%	1.60%	1.60%	1.55%	1.53%	1.53%
Full Value	\$63,005,621	\$66,830,750	\$64,138,500	\$66,148,065	\$66,949,085	\$66,851,438
Tax Rate (1)	1230.26%	1231.54%	1225.89%	1278.62%	1302.65%	1314.82%
Town of Baldwin						
Assessed Value	\$611,787	\$607,787	\$604,785	\$593,585	\$590,438	\$589,538
Equalization Rate	1.53%	1.60%	1.60%	1.65%	1.65%	1.63%
Full Value	\$39,986,078	\$37,986,688	\$37,799,063	\$35,974,848	\$35,784,121	\$36,1678,975
Tax Rate (1)	1230.26%	1231.12%	1224.10%	1199.37%	1203.14%	1232.44%
Town of Big Flats						
Assessed Value	\$37,102,821	\$37,218,226	\$39,098,747	\$39,025,457	\$39,084,976,	\$39,059,477
Equalization Rate	97.00%	97.00%	100.00%	100.00%	100.00%	100.00%
Full Value	\$38,250,331	\$38,369,305	\$39,098,747	\$39,025,457	\$39,084,976	\$39,057,477
Tax Rate (1)	21.43%	20.26%	19.59%	19.79%	19.90%	20.09%
Town of Caton						
Assessed Value	\$1,148,244	\$1,156,125	\$1,135,324	\$1,200,300	\$1,180,386	\$1,155,733
Equalization Rate	100.00%	96.00%	90.00%	100.00%	100.00%	100.00%
Full Value	\$1,148,244	\$1,204,297	\$1,261,471	\$1,200,300	\$1,180,386	\$1,155,773
Tax Rate (1)	20.79%	20.47%	21.76%	19.79%	19.90%	20.09%

Assessment Roll Year:	2013	2014	2015	2016	2017	2018
For Fiscal Year Ended:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town of Chemung						
Assessed Value	\$8,033,343	\$7,899,532	\$8,282,378	\$8,308,936	\$8,412,776	\$8,315,790
Equalization Rate	100.00%	100.00%	100.00%	97.00%	100.00%	100.00%
Full Value	\$8,033,343	\$7,899,532	\$8,282,378	\$8,565,913	\$8,412,776	\$8,315,790
Tax Rate (1)	20.79%	19.65%	19.59%	20.40%	19.90%	20.09%
Town of Elmira						
Assessed Value	\$339,607,146	\$342,532,460	\$342,660,871	\$342,278,804	\$340,744,899	\$340,993,375
Equalization Rate	100.00%	98.00%	98.00%	96.00%	97.00%	97.00%
Full Value	\$339,607,146	\$349,522,918	\$349,653,950	\$356,540,421	\$351,283,401	\$351,539,562
Tax Rate (1)	20.79%	20.05%	19.99%	20.61%	20.51%	20.71%
Town of Erin						
Assessed Value	\$258,863	\$262,614	\$263,385	\$262,988	\$252,375	\$250,627
Equalization Rate	88.00%	88.00%	80.00%	79.00%	74.50%	74.00%
Full Value	\$294,163	\$298,425	\$329,231	\$332,896	\$338,758	\$338,685
Tax Rate (1)	23.63%	22.33%	24.48%	25.05%	26.71%	27.15%
Town of Horseheads						
Assessed Value	\$51,400	\$51,400	\$51,400	\$51,400	\$51,400	\$51,400
Equalization Rate	96.00%	93.00%	93.00%	95.00%	91.00%	95.00%
Full Value	\$53,542	\$55,269	\$55,269	\$54,105	\$56,484	\$54,105
Tax Rate (1)	23.90%	21.13%	21.06%	20.83%	21.87%	21.15%
Town of Southport						
Assessed Value	\$383,419,620	\$381,269,338	\$454,409,552	\$454,909,571	\$454,144,053	\$454,208,650
Equalization Rate	87.00%	85.00%	100.00%	100.00%	100.00%	100.00%
Full Value	\$440,712,207	\$448,552,162	\$454,409,552	\$454,909,571	\$454,144,053	\$454,208,650
Tax Rate (1)	23.90%	23.12%	19.59%	19.79%	19.90%	20.09%
Total:						
Assessed Value	\$1,358,705,743	\$1,365,235,882	\$1,432,474,163	\$1,432,419,647	\$1,426,658,042	\$1,420,386,813
Full Value	\$1,591,099,353	\$1,656,873,046	\$1,659,776,962	\$1,667,285,686	\$1,657,441,773	\$1,667,246,216
Tax Levy	\$33,081,134	\$32,566,710	\$32,514,508	\$33,001,508	\$32,985,241	\$33,492,837

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

⁽¹⁾ Per \$1,000 Assessed Value.

Assessed and Full Valuation
(Fiscal Years Ending June 30)
Based on Special Equalization Rates

Assessment Roll Year: For Fiscal Year Ended:	2014	2015	2016	2017	2018
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City of Elmira					
Assessed Value	\$593,169,108	\$584,941,505	\$584,763,311	\$581,172,418	\$574,739,356
Equalization Rate	83.27%	81.84%	83.68%	82.45%	81.41%
Full Value	\$712,344,311	\$714,737,909	\$698,808,928	\$704,878,615	\$705,981,275
Town of Ashland					
Assessed Value	\$1,069,292	\$1,026,216	\$1,025,295	\$1,024,321	\$1,022,827
Equalization Rate	1.53%	1.54%	1.50%	1.45%	1.40%
Full Value	\$69,888,366	\$66,637,403	\$68,353,000	\$70,642,828	\$73,059,071
Town of Baldwin					
Assessed Value	\$607,787	\$604,785	\$593,585	\$590,438	\$589,538
Equalization Rate	1.64%	1.62%	1.50%	1.46%	1.41%
Full Value	\$37,060,183	\$37,332,407	\$39,572,333	\$40,440,959	\$41,811,206
Town of Big Flats					
Assessed Value	\$37,218,226	\$39,098,747	\$39,025,457	\$39,084,976	\$39,059,477
Equalization Rate	99.30%	100.16%	100.53%	98.54%	97.25%
Full Value	\$37,480,590	\$39,036,289	\$38,819,713	\$39,664,071	\$40,163,987
Town of Caton					
Assessed Value	\$1,156,125	\$1,135,324	\$1,200,300	\$1,180,386	\$1,155,733
Equalization Rate	80.38%	102.25%	95.05%	93.83%	92.38%
Full Value	\$1,438,324	\$1,110,341	\$1,262,809	\$1,258,005	\$1,251,064
Town of Chemung					
Assessed Value	\$7,899,532	\$8,282,378	\$8,308,936	\$8,412,776	\$8,315,790
Equalization Rate	97.91%	98.42%	93.99%	91.83%	96.09%
Full Value	\$8,068,156	\$8,415,340	\$8,840,234	\$9,161,250	\$8,654,168
Town of Elmira					
Assessed Value	\$342,532,460	\$342,660,871	\$342,278,804	\$340,744,899	\$340,993,375
Equalization Rate	97.36%	97.15%	96.78%	95.81%	94.76%
Full Value	\$351,820,522	\$352,713,197	\$353,666,877	\$355,646,487	\$359,849,488
Town of Erin					
Assessed Value	\$262,614	\$263,385	\$262,988	\$252,375	\$250,627
Equalization Rate	75.57%	73.40%	74.16%	72.61%	70.55%
Full Value	\$347,511	\$358,835	\$354,622	\$347,576	\$355,247

Assessment Roll Year: For Fiscal Year Ended:	2014	2015	2016	2017	2018
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town of Horseheads					
Assessed Value	\$51,400	\$51,400	\$51,400	\$51,400	\$51,400
Equalization Rate	89.52%	94.02%	91.03%	89.90%	92.22%
Full Value	\$57,417	\$54,669	\$56,465	\$57,175	\$55,736
Town of Southport					
Assessed Value	\$381,269,338	\$454,409,552	\$454,909,571	\$454,144,053	\$454,208,650
Equalization Rate	99.23%	99.16%	97.94%	95.71%	84.73%
Full Value	\$384,227,893	\$458,258,927	\$464,477,814	\$474,500,108	\$536,065,915
Total:					
Assessed Value	\$1,365,235,882	\$1,432,474,163	\$1,432,419,647	\$1,426,658,042	\$1,420,386,773
Full Value	\$1,602,733,274	\$1,678,655,318	\$1,674,212,796	\$1,696,597,073	\$1,767,247,158

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

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. The District is not subject to constitutional real property taxing limitations. See, however, the discussion under the sub-heading — “Tax Levy Limit Law,” below.

Tax Levy Limit Law

On June 24, 2011, the State Senate and the State Assembly both enacted, and Governor Andrew Cuomo signed (as Chapter 97 of the 2011 Laws of the State), significant and complex legislation relating to real property tax levies, rent regulation, exemption from local taxation and mandate relief (the "Legislation"). Part A of the Legislation amends the General Municipal Law and the Education Law in order to impose a limit upon real property tax levies by local governments (excluding the City of New York and the counties contained therein) and almost all school districts in the State, including the District (the "Tax Levy Limit Law").

The District is subject to the new Legislation, with the Tax Levy Limit Law first applying to the District’s budget for its 2013-2014 fiscal year. The Tax Levy Limit Law will restrict, among other things, the amount of real property taxes that may be levied by or on behalf of the District in a particular year. Under the Legislation, the tax levy of the District may not increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in a designated measure of the consumer price index ("CPI") over the amount of the District’s prior year’s tax levy. The exceptions for a tax levy above two percent or the CPI increase are (i) funds needed to pay judgments arising out of tort actions that exceed 5% of the total tax levied by the District in the prior fiscal year, (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points) and (iii) a capital tax levy. “Capital tax levy” is defined to mean the tax levy necessary to support capital local expenditures by a school district. "Capital local expenditures" means the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of, or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law.

The Tax Levy Limit Law also allows for growth in the District's tax levy due to physical and quantitative changes in the District. If the District does not levy an amount up to the cap in any one year, it would be allowed to carry over unused tax levy capacity into future years. However, this carryover levy capacity may not be used to increase its tax levy by more than an additional 1.5 percent above the cap in any single year. If the District's actual tax levy exceeds its authorized levy due to clerical or technical errors, the erroneous excess levy must be placed in reserve to offset the levy for the next budget year.

The Board of Education of the District may propose a budget that requires a tax levy that exceeds the tax levy limit for a given fiscal year, but such proposed budget must then be adopted by the District's voters by at least a 60% supermajority. In the event that the original proposed budget is not approved by the voters, the Board of Education has the option of levying a tax no greater than the tax that was levied for the prior school year or re-submitting the same or a revised budget. If a proposed budget is defeated in the second vote, the Board of Education must adopt a final budget that includes a tax levy no greater than the tax that was levied for the prior school year. In such a situation involving two budget defeats, the Tax Levy Limit Law does not provide for the exclusion of a capital tax levy (or for the other allowed exceptions).

It is reasonably certain that the Legislation will come under legal challenge alleging that the Legislation violates several provisions of Article VIII of the New York State Constitution. Although the Constitution recognizes the power of the State Legislature to restrict local government taxation of property, it also expressly states that "the legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted." Although New York courts (including the State's highest court—the Court of Appeals) have traditionally been very protective of the rights of the holders of municipal debt obligations, the outcome of any such legal challenge cannot be predicted. In any event, certain special protective procedures and remedies available to holders of school district debt remain in place and are not affected by the Tax Levy Limit Law. See "DISTRICT INDEBTEDNESS--Remedies Upon Default" herein.

Prospective investors in the Notes are encouraged to consult with their own legal and tax advisors and review the provisions of the Tax Levy Limit Law in its entirety.

Tax Collection Procedure

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

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

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

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 2020-21 school levy year, homeowners subject to certain household income limitations are eligible for an enhanced exemption and basic exemption as follows:

TABLE 6

<u>Municipality</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>
City of Elmira	\$55,650	\$24,300
Town of Ashland	1,050	460
Town of Baldwin	1,120	490
Town of Big Flats	68,700	30,000
Town of Canton	68,700	30,000
Town of Chemung	68,700	30,000
Town of Elmira	66,640	29,100
Town of Erin	50,840	22,200
Town of Horseheads	65,270	28,500
Town of Southport	68,700	30,000

Date Certified: 04/10/2020

Source: Department of Taxation and Finance

The enhanced or basic STAR exemption is the amount that an assessment will be reduced prior to the levy of school taxes. For example, if a home is assessed at \$150,000 and the enhanced STAR exemption for a municipality is \$50,000, the school taxes on the property would be paid on a taxable assessment of \$100,000 (\$150,000 - \$50,000 = \$100,000).

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

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 within the District for the 2020-21 are as follows:

<u>Municipality</u>	<u>Basic Maximum Savings</u>	<u>Enhanced Maximum Savings</u>
City of Elmira	\$609	\$1,330
Town of Ashland	605	1,341
Town of Baldwin	599	1,297
Town of Big Flats	603	1,330
Town of Caton	603	1,330
Town of Chemung	603	1,330
Town of Elmira	603	1,316
Town of Erin	607	1,351
Town of Horseheads	577	1,285
Town of Southport	603	1,330

Date Updated: 0326/2020

Source: Department of Taxation and Finance

The District received full reimbursement of such exempt taxes from the State during the current fiscal year and expects to receive full reimbursement of such exempt taxes from the State during the upcoming 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 2019 tax roll for the 2019-20 fiscal year.

TABLE 7
Top Ten Largest Taxable Properties

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>	<u>Taxable Assessed Valuation</u> ⁽¹⁾
NYS Electric & Gas Corporation	Utility	\$75,800,693	5.34%
Dewittsburg Housing	Housing	4,565,000	0.32%
Chemung Canal Trust Company	Commercial Bank	5,861,800	0.41%
Wegmans Food Markets Inc.	Food	5,190,000	0.37%
Verizon New York Inc.	Utility	4,614,342	0.32%
TG-Cotops Elmira NY LLC	Real Estate	3,645,000	0.26%
FM Howell & Company	Manufacturing	4,411,280	0.31%
McWane, Inc.	Manufacturing	3,851,000	0.27%
Cornerstone Homes Inc.	Housing	3,667,458	0.26%
Hilliard Corporation	Manufacturing	<u>3,788,000</u>	<u>0.27%</u>
		<u>\$115,394,573</u>	<u>8.12%</u>

(1) The District's total assessed valuation for the roll year 2019-2020 is \$1,420,386,813.

Source: Assessor's Office

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 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 within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having 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, bond anticipation notes and capital 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, as has been noted previously under "Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. (Subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York, see "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 notes in anticipation of the bonds, but such bond resolution shall be subject to the approval of the qualified electors of the District. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 until the plans and specifications for such projects have been approved by the Commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, 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 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 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.

Debt Limit

The District has the power to contract indebtedness for any District purpose so long as the principal amount thereof shall not exceed five per centum of the average full valuation of taxable real estate of the District. 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>Tax Year:</u>	<u>Full Valuation</u> ⁽¹⁾
2015-16	\$1,602,733,274
2016-17	1,678,655,318
2017-18	1,674,212,796
2018-19	1,696,597,073
2019-20	<u>1,767,247,158</u>
Total Five Year Valuation	<u>8,419,445,619</u>
Average Five Year Full Valuation	<u>\$1,683,889,124</u>
Debt Limit - 5% of Average Full Valuation	<u>\$84,194,456</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.

TABLE 9
Statutory Debt Limit and Net Indebtedness

(as of June 2, 2020)

Average Full Valuation of Taxable Real Property	\$1,403,098,695
Debt Limit (5% of Average Full Valuation)	\$84,194,456
Inclusions:	
Outstanding Bonds	\$ 40,885,000
BANs	<u>38,245,000</u>
Gross Indebtedness	\$ 79,130,000
Exclusions and Deductions:	
Bond Appropriations	5,480,000
BAN Appropriations	2,690,000
Estimated Building Aid ⁽¹⁾	<u>0</u>
Gross Exclusions and Deductions	<u>8,170,000</u>
Total Net Indebtedness	<u>\$70,960,000</u>
Net Debt-Contracting Margin	<u>\$13,234,456</u>
Percentage of Debt Contracting Margin Exhausted	<u>84.28%</u>

- (1) The District has received and expects to continue to receive State Aid on a portion of existing indebtedness contracted for school building purposes pursuant to Section 121.20 of the Local Finance Law, but, under the Local Finance Law, as a small city school district, it is not permitted to deduct such anticipated State building aid from its outstanding indebtedness. However, as a matter of information, State aid for building purposes is currently estimated by District officials at 93.3%.

Remedies Upon Default

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State of New York (the "State") and the purchasers and the holders and owners from time to time of the notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay the amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the notes shall be forwarded promptly to the paying agent or agents for the notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the notes in default with

respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section SFL.

Under current law, provision is made for contract creditors (including the holders of the Notes) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation servicing the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the District's contract with holders of its notes, although any permanent repeal by statute or constitutional amendment of a Noteholder remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

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

Short-Term Debt

Following the issuance of the Notes, the District will have \$35,555,000 of bond anticipation notes outstanding which will mature on June 25, 2021.

Authorized but Unissued Indebtedness

The District has authorized but unissued debt in the amount of \$992,215 from a May 20, 2014 bus purchase vote. The District is not expected to finance for this purpose.

Trend of Outstanding Indebtedness

The following table provides information relating to direct capital outstanding indebtedness as follows:

TABLE 10
Outstanding Long-Term Bond Indebtedness

FYE		Bond	Total
<u>June 30:</u>	<u>Bonds</u>	<u>Anticipation Notes</u>	<u>Outstanding</u>
2015	\$91,223,608	\$930,000	92,153,608
2016	78,226,895	3,588,318	81,815,213
2017	69,590,000	4,588,318	74,178,318
2018	54,255,000	21,000,000	75,255,000
2019	44,125,000	38,245,000	82,370,000

Source: Audited Financial Statements for 2014-2019. Table itself is not audited.

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 11
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	39.37%	\$20,483,213
County of Steuben	5,360,000	06/28/19	0.02%	1,072
City of Elmira	21,876,613	06/26/19	61.16%	13,379,737
Town of Ashland	0	05/31/18	31.36%	0
Town of Baldwin	0	05/31/18	74.43%	0
Town of Big Flats	2,455,000	05/31/18	5.04%	123,732
Town of Caton	260,000	05/31/18	0.71%	1,846
Town of Chemung	0	05/31/18	6.24%	0
Town of Elmira	198,500	05/31/18	30.68%	60,900
Town of Erin	22,156	05/31/18	0.29%	64
Town of Horseheads	494,051	05/31/18	0.00%	0
Town of Southport	0	05/31/18	99.67%	0
Total Net Overlapping Debt				\$34,050,564
Net Direct Debt				<u>70,960,000</u>
Total Net Direct and Overlapping Debt				<u>\$105,010,564</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 12
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$ 70,960,000	\$1,456	4.10%
Net Direct and Overlapping Debt	\$105,010,564	\$2,155	6.07%

(1) The population of the District is estimated by District officials to be approximately 48,734.

(2) The District's full value of taxable real property based on Special Equalization Rates for fiscal year 2019-20 is \$1,729,864,581.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District’s outstanding bonded indebtedness as of June 2, 2020.

TABLE 13
Schedule of Principal and Interest on Long-Term Bond Indebtedness

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Total</u> <u>Principal</u>	<u>Total</u> <u>Interest</u>	<u>Total</u>
2020	\$5,480,000	\$284,436	\$5,764,436
2021	7,875,000	1,196,975	9,071,975
2022	7,590,000	915,280	8,505,280
2023	6,870,000	641,355	7,511,355
2024	6,395,000	401,481	6,796,481
2025	6,230,000	185,315	6,415,315
2026	445,000	12,794	457,794
Total:	<u>\$40,885,000</u>	<u>\$3,637,636</u>	<u>\$44,522,636</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 14
School Enrollment Trends

<u>Fiscal Year</u>	<u>Actual</u> <u>Enrollment</u>	<u>Fiscal Year</u>	<u>Projected</u> <u>Enrollment</u>
2017-18	6,050	2020-21	5,900
2018-19	5,972	2021-22	5,890
2019-20	5,900	2022-23	5,880

Source: District Officials.

TABLE 15
Largest Employers

<u>Business</u>	<u>Type</u>	<u>Approx. # of</u> <u>Employees</u>
Elmira City School District	Education	1,516
Arnot Ogden Medical Center	Health Care Facility	1,400
State of New York	Correctional Facilities	1,250
Chemung County	Municipality	950
St. Joseph’s Hospital	Health Care Facility	780

Source: District Officials.

Population

The District estimates its population to be approximately 48,734. The following table presents population trends for the City, County and State, based upon recent census data.

TABLE 16
Population Trend

	<u>2000</u>	<u>2010</u>	Percentage Change <u>00/10</u>
City	30,940	29,200	(5.6%)
County	91,070	88,830	(2.4%)
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 County. Data provided for the County is not necessarily representative of the District.

TABLE 17
Civilian Labor Force
(Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City of Elmira	10.2	9.9	9.7	9.6	9.5
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 County and State. The following table is not necessarily representative of the District.

TABLE 18
Yearly Average Unemployment Rates

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>
2015	7.5%	5.9%	5.3%
2016	7.5%	5.7%	4.8%
2017	6.9%	5.5%	4.7%
2018	6.1%	4.7%	4.1%
2019	5.5%	4.2%	4.0%

Source: New York State Department of Labor

TABLE 19
Monthly Unemployment Rates

<u>Month</u>	<u>City</u>	<u>County</u>	<u>State</u>
April 2019	5.0%	3.8%	3.6%
May	4.9%	3.8%	3.6%
June	5.4%	4.1%	3.8%
July	5.8%	4.4%	4.2%
August	5.7%	4.3%	4.1%
September	5.2%	3.9%	3.6%
October	5.1%	4.0%	3.7%
November	5.2%	3.9%	3.6%
December	5.9%	4.5%	3.6%
January 2020	6.3%	5.0%	4.1%
February	6.1%	4.7%	3.9%
March	6.2%	4.9%	4.4%

Source: New York State Department of Labor

LITIGATION

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

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

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA

General Fund

Balance Sheets

Fiscal Year Ended June 30:

	<u>2018</u>	<u>2019</u>
<u>Assets:</u>		
Cash and cash equivalents	\$5,529,918	\$5,352,063
Restricted Cash	22,124,723	29,454,028
Taxes Receivable	1,527,698	1,477,101
Due From Other Funds	1,441,793	2,109,873
State and Federal Aid Receivable	2,423,060	2,792,544
Due From Other Governments	4,155,575	4,171,777
Due from Fiduciary Funds	14,983	14,793
Other Receivables - net	543,140	548,959
Prepaid Items	2,504,740	3,231,330
Total Assets	<u>\$40,265,630</u>	<u>\$49,152,468</u>
<u>Liabilities:</u>		
Accounts Payable	\$1,286,564	\$2,342,884
Accrued Liabilities	756,761	498,400
Due to Other Funds	3,155	0
Due to Other Governments	958,697	940,288
Due to Retirement Systems	4,069,563	4,422,633
Overpayments and collections in advance	2,994	0
Compensated Absenses	942,492	773,999
Total Liabilities	<u>\$8,020,226</u>	<u>\$8,978,204</u>
Deferred Inflows of Resources		
Unavailable Revenue	<u>\$2,077,813</u>	<u>\$1,900,713</u>
Total deferred inflows of resources	<u>2,077,813</u>	<u>1,900,713</u>
<u>Fund Balance:</u>		
Nonspendable	\$2,504,740	\$3,231,330
Restricted	21,696,259	29,013,480
Assigned	422,761	368,899
Unassigned (deficit)	5,543,831	5,659,842
Total Fund Balance	<u>\$30,167,591</u>	<u>\$38,273,551</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$40,265,630</u>	<u>\$49,152,468</u>

Source: Audited Financial Statements

CITY SCHOOL DISTRICT OF THE CITY OF ELMIRA
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	\$32,854,674	\$33,162,934	\$33,184,230	\$33,304,997	\$33,976,572
Charges for Services	244,861	572,036	489,784	428,548	502,867
Use of Money & Property	153,895	384,915	237,494	295,979	670,218
Sale of Prop. & Comp. for Loss	112,573	474,826	53,044	138,522	56,991
Miscellaneous	2,694,093	2,373,453	1,865,316	2,102,980	2,671,831
State Aid	81,124,651	83,844,643	90,016,840	91,542,531	90,564,013
Federal Aid	401,953	207,219	91,106	172,476	154,590
Medicaid Reimbursement	0	432,666	365,710	651,714	267,122
Intergovernmental revenues	0	0	190,251	121,911	102,885
Total Revenues	<u>117,586,700</u>	<u>121,452,692</u>	<u>126,493,775</u>	<u>128,759,658</u>	<u>128,967,089</u>
Expenditures:					
General Support	\$14,857,366	\$15,434,587	\$15,759,246	\$15,844,901	\$16,304,256
Instruction	47,666,817	51,603,851	53,229,603	55,733,222	57,599,368
Pupil Transportation	4,574,198	4,043,604	4,404,857	4,937,847	4,737,982
Community Services	297,210	142,524	244,744	304,375	419,534
Employee Benefits	26,456,400	27,487,150	28,366,348	31,390,891	28,461,810
Debt Service	15,896,765	16,180,901	17,849,030	17,713,804	13,130,949
Total Expenditures	<u>109,748,756</u>	<u>114,892,617</u>	<u>119,853,828</u>	<u>125,925,040</u>	<u>120,653,899</u>
Excess of Revenues (Expenditures)	7,837,944	6,560,075	6,639,947	2,834,618	8,313,190
Other Financing Sources (Uses)					
Operating Transfer In	0	0	0	268,993	104
Operating Transfer Out	(2,069,607)	(8,200,094)	(778,767)	(94,025)	(207,334)
Total Other Financing Sources (Uses)	<u>(2,069,607)</u>	<u>(8,200,094)</u>	<u>(778,767)</u>	<u>174,968</u>	<u>(207,230)</u>
Net Change in Fund Balances	5,768,337	(1,640,019)	5,861,180	3,009,586	8,105,960
Fund Balance - Beg. of Year	<u>17,168,507</u>	<u>22,936,844</u>	<u>21,296,825</u>	<u>27,158,005</u>	<u>30,167,591</u>
Fund Balance - End of Year	<u>\$22,936,844</u>	<u>\$21,296,825</u>	<u>\$27,158,005</u>	<u>\$30,167,591</u>	<u>\$38,273,551</u>

Source: Audited Financial Statements
Summary not Audited

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

	Adopted Budget <u>2019-20</u>	Proposed Budget <u>2020-21</u>
Estimated Revenues:		
Real Property Tax	\$34,613,009	\$35,264,836
State Aid	\$91,588,760	\$93,169,795
Other	\$4,507,640	\$4,143,000
Subtotal	<u>\$130,709,409</u>	<u>\$132,577,631</u>
Reserves	<u>\$0</u>	<u>\$744,392</u>
Total Estimated Revenues	<u><u>\$130,709,409</u></u>	<u><u>\$133,322,023</u></u>
 Appropriations:		
General Support	\$23,292,975	\$19,443,537
Instruction	\$56,390,066	\$59,676,307
Public Safety and Transportation	\$4,923,590	\$5,057,738
Employee Benefits	\$32,748,457	\$34,724,848
Miscellaneous	\$821,540	\$858,000
Debt Service	<u>\$12,532,781</u>	<u>\$13,634,093</u>
Total Appropriations :	<u><u>\$130,709,409</u></u>	<u><u>\$133,394,523</u></u>

Source: School District Officials

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

**Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:**

<https://emma.msrb.org/ER1290751-ER1006449-ER1410740.pdf>

**The audited financial statements referenced above are hereby incorporated into the
attached Official Statement.**

*** Such Financial Statements and opinion are intended to be representative only as
of the date thereof. Insero & Co. CPAs, LLP has not been requested by the District
to further review and/or update such Financial Statements or opinion in connection
with the preparation and dissemination of this Official Statement.**