

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 8, 2022

RENEWAL & NEW MONEY

BOND ANTICIPATION NOTES

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

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

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

\$36,439,500

BOND ANTICIPATION NOTES, 2022A (the "Series A Notes")

Date of Issue: June 27, 2022

Maturity Date: June 26, 2023

\$14,075,000

BOND ANTICIPATION NOTES, 2022B (the "Series B Notes", together with the Series A Notes, the "Notes")

Date of Issue: July 6, 2022

Maturity Date: June 26, 2023

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

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

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

The Series A Notes are dated June 27, 2022 and will bear interest from that date until June 26, 2023, the maturity date.

The Series B Notes are dated July 6, 2022 and will bear interest from that date until June 26, 2023, the maturity date.

The Notes will not be subject to optional redemption prior to maturity.

Interest on the Notes will be calculated on a 30-day month and 360-day year basis.

The Notes are offered when, as and if issued and received by the purchaser and subject to the approval of the legality thereof by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Series A Notes will be available for delivery on or about June 27, 2022 and the Series B Notes will be Notes will be available for delivery on or about July 6, 2022.

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

Dated: June 8, 2022

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

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

Board of Education

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

Michelle Caulfield.....Superintendent of Schools
Paul Webster..... School Business Official
Karen Dutcher District Clerk
James Housworth District Treasurer
Harris Beach PLLC. School Attorney

BOND COUNSEL

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

MUNICIPAL ADVISOR



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

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

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OFFICIAL STATEMENT

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

\$36,439,500

BOND ANTICIPATION NOTES, 2022A

And

\$14,075,000

BOND ANTICIPATION NOTES, 2022B

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the City School District of the City of Corning in the Counties of Steuben, Schuyler and Chemung, State of New York (the “District,” “Counties” and “State,” respectively) in connection with the sale of \$36,439,500 Bond Anticipation Notes – 2022A (the “Series A Notes”) and \$14,075,000 Bond Anticipation Notes – 2022B (the “Series B Notes”, together with the Series A Notes, the “Notes”).

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the 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 NOTES

Description

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

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

Authority for and Purpose the Series A Notes

The Series A Notes are being issued pursuant to the Constitution and Laws of the State, including the Local Finance Law, Education Law and bond resolutions duly adopted by the District’s Board of Education at the various dates below. See the chart below for details regarding each purpose.

<u>Purpose</u>	<u>Resolution</u>	<u>Authorized Amount</u>	<u>BAN Outstanding</u>	<u>BAN Paydown</u>	<u>The Series A Notes</u>
Construction of additions, alterations and improvements to District facilities and the sites thereof	9/24/2019	\$78,905,000	\$36,030,000	\$780,000	\$35,250,000
2020 Buses	3/17/2020	612,000	612,000	122,000	490,000
2021 Buses	3/17/2021	699,500	699,500	-	699,500
		<u>80,216,500</u>	<u>\$37,341,500</u>	<u>\$ 902,000</u>	<u>\$36,439,500</u>

Authority for and Purpose the Series B Notes

The Series B Notes are authorized to be issued pursuant to the Constitution and laws of the State, including the Education Law and the Local Finance Law, and the bond resolution duly adopted by the Board of Education of the District on July 31, 2019, authorizing the issuance of \$78,905,000 serial bonds, and thereafter approved as a Bond Proposition by a majority of the qualified voters of the District present and voting at the Special District

Meeting duly called and held on September 24, 2019, for the construction of additions, alterations and improvements to District facilities and the sites thereof. The Series B Notes will provide additional original financing in the amount of \$14,075,000.

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 of and interest on the District has the 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 “*Tax Levy Limit Law*”), imposes a limitation on the power of local governments and school districts, including the District, 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. However, the Tax Levy Limit Law, as amended, expressly provides an exception from the annual tax levy limitation for any taxes levied to pay the local share of debt service on notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such notes. As the Notes are being issued to finance voter approved capital expenditures, the Notes qualify for such exception to the annual tax levy limitation. (See “*The Tax Levy Limit Law*” herein).

Book-Entry-Only System

The following applies to the Notes, if issued in book-entry form. DTC will act as securities depository for the Notes if so requested. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for the Notes bearing the same rate of interest and CUSIP 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 the 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 does not affect 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 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 to DTC.

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

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCE 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 OBLIGATION 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.

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

Source: The Depository Trust Company.

MARKET MATTERS AFFECTING FINANCINGS **OF THE MUNICIPALITIES OF THE STATE**

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere 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. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal

government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19. The spread of the outbreak or future resurgence could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See “State Aid” and “Recent Events Affecting New York School Districts” herein).

The District is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received (“State Aid”). The District’s receipt of State aid may be delayed as a result of the State’s failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the District fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the District is authorized pursuant to the Local Finance Law (“LFL”) to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also “State Aid” herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see “Tax Matters” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See “The Tax Levy Limit Law” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Notes.

TAX MATTERS

Opinion of Bond Counsel

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

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

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come

to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Note Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats

including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

DISCLOSURE UNDERTAKING

Disclosure Undertaking for the Notes

At the time of the delivery of the Notes, the District will provide an executed copy of its “Undertaking to Provide Notices of Events” substantially as set forth in Appendix E.

Prior Disclosure History

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

RATING

Moody’s Investors Service, Inc. (“Moody’s”) has assigned “Aa3” to the outstanding uninsured bonds of the District and a “MIG 1” on the Notes.

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

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Orchard Park, New York, (the “Municipal Advisor”) has served as the independent Municipal Advisor to the District in connection with the sale of the Notes.

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

ADDITIONAL INFORMATION

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

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

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

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

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

DATED: June 8, 2022

APPENDIX A

THE DISTRICT

General Information

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

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

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

District Organization

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

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

District Facilities

The District currently operates the following facilities:

TABLE 1
School Statistics

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

Source: District officials.

Financial Organization

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

Employees

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

TABLE 2
Employees

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

Source: District Officials

Employee Pension and Other Post-Employment Benefits

All non-teaching and non-certified administrative employees of the School District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York and Local Employees' Retirement System ("ERS").

Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS"). Payments to the Teachers' Retirement System are deducted from the School District's State aid payments.

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

The following table details the actual contributions to ERS and TRS for the past four audited fiscal years and the 2022 and 2023 budgeted contributions:

<u>Year Ended</u>	<u>ERS</u>	<u>TRS</u>
2023 <i>Budgeted</i>	\$1,067,071	\$4,004,092
2022 <i>Budgeted</i>	1,403,988	3,773,873
2021	1,273,483	3,851,696
2020	1,219,111	3,547,095
2019	1,184,349	4,162,158
2018	1,249,282	3,666,178

On December 10, 2009, then former 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, former 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 2020-21 fiscal year was 14.6%. The 2021-22 ERS rate will be 16.2%. The 2022-23 ERS rate is expected to decrease to 11.6%. The 2021-22 TRS rate is 9.8%. The 2022-23 TRS rate is estimated to be between 10% and 10.5%.

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

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

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

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

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

The following table summarizes the District’s changes in the total OPEB Liability for the year ended June 30, 2021:

Balance at June 30, 2020	<u>\$370,266,844</u>
Changes for the year:	
Service Cost	13,408,199
Interest	11,864,519
Differences between expected and actual experience	(17,132,753)
Changes of assumptions or other inputs	31,157,369
Benefit payments	<u>(9,233,874)</u>
Net changes	<u>30,063,460</u>
Net OPEB obligation – end of year	<u>\$400,330,304</u>

Source: Audited Financial Statements

Investment Policy/Permitted Investments

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

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

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

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

FINANCIAL FACTORS

Revenues

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

Property Tax

The following table sets forth total general fund revenues and real property tax revenues including other property tax items during the last five audited fiscal years and budgeted for the current and proposed for the 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 as Percentage of Revenues</u>
2017	\$102,745,622	\$54,612,422	53.2%
2018	105,367,132	55,528,562	52.7%
2019	109,150,026	56,769,617	52.0%
2020	112,174,677	58,227,137	51.9%
2021	113,878,160	58,395,123	51.3%
2022 Budget	115,475,200	54,798,428	47.5%
2023 Budget	121,144,855	56,252,766	46.4%

Source: District's audited financial statements and budgets.

State Aid

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

The following table sets forth the percentage of the District’s General Fund revenue comprised of State aid for each of the fiscal years 2017 through 2021, and the amounts budgeted for 2022 and 2023.

TABLE 4
State Aid Revenue

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2017	\$102,745,622	\$45,442,529	44.2%
2018	105,367,132	46,483,480	44.1%
2019	109,150,026	48,793,661	44.7%
2020	112,174,677	50,991,825	45.5%
2021	113,878,160	51,393,905	45.1%
2022 Budget	115,475,200	54,423,664	47.1%
2023 Budget	121,144,855	56,253,634	46.4%

Source: Audited Financial Statements of the District and Adopted Budgets of the District.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “STAR – School Tax Exemption” herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. The outbreak of COVID-19 and the dramatic steps taken by the State to address it may continue to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that without federal funding the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State.

The State’s 2019-2020 Enacted Budget provided for school aid of approximately \$27.9 billion, an increase of more than \$1 billion in school aid spending from the 2018-2019 school year. Due to significant State revenue loss as a result of the impact of the COVID-19 pandemic, State aid in the State’s 2020-21 Enacted Budget was 3.7% lower than in the State’s 2019-2020 Enacted Budget. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES). With these federal funds, State aid totaled \$27.9 billion in the State’s 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. The State’s 2020-21 Enacted Budget also authorized the State’s Budget Director to make periodic adjustments to State aid in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. In December 2020, a second federal stimulus bill was enacted and provided additional funding for schools in the State. As of February 1, 2021, the State Education Department (“SED”) advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State is expected to release all of the withheld funds on or about June 30, 2021.

The State's 2021-22 Enacted Budget provides \$29.5 billion in State funding to school districts for the 2021-22 school year the highest level of State aid ever. This represents an increase of \$3.0 billion or 11.3 percent compared to the 2020-21 school year, and includes a \$1.4 billion or 7.6 percent Foundation Aid increase. Approximately 75 percent of this increase is targeted to high-need school districts.

The State's 2021-22 Enacted Budget also programmed \$13 billion of federal Elementary and Secondary School Emergency Relief Fund and the Governor's Emergency Education Relief Fund to public schools. This funding available for use over multiple years, is designed to assist schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2021-22 Enacted Budget allocated \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the State's 2021-22 Enacted Budget uses \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-22 school year.

This funding available for use over multiple years, is designed to assist schools to reopen for in-person instruction, address K-8 learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2021-22 Enacted Budget allocated \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the State's 2021-22 Enacted Budget uses \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-22 school year.

The State's 2022-23 Enacted Budget provides \$31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$2.1 billion or 7.07%. and includes \$21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflects the second year of the three-year phase-in of full funding of the current Foundation Aid formula.

The State's 2022-23 Enacted Budget also increases the State's annual investment in prekindergarten to \$1.1 billion, an increase of \$125 million, or 13%. The Budget also includes a total of \$100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This includes support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's 2021-22 Enacted Budget was adopted on April 7, 2021. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

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

Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

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

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

Recent Events Affecting New York School Districts

School district fiscal year (2016-17): The State budget included an increase of \$991 million in State aid for school districts over the 2015-16 budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense based aid, the budget included a \$266 million increase in Foundation Aid and \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. Community Schools Aid funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The budget also featured the elimination of the Gap Elimination Adjustment ("GEA") that had been instituted in the State's 2010-11 to 2012-13 fiscal years to address State funding shortfalls due to the ongoing effects of a recession. Under the GEA legislation, a portion of the funding shortfall was divided among all school districts across the State, resulting in a reduction in school district general aid funds.

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 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 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 (2020-21): Due to the below-described decrease in State revenues as a result of the COVID-19 pandemic, the State budget included an increase of only \$95 million in State Aid (0.035% increase from the prior budget year), and Foundation Aid remained at essentially the same level as it was during the 2019-2020 fiscal year. While the budget actually included a decrease in State Aid (referred to as a "Pandemic Adjustment"), the decrease in State aid 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.

School district fiscal year (2021-22): The State budget includes large-scale increases in State aid to school districts, including a \$105 million expansion of full-day prekindergarten that will provide funding to 200 school districts that didn't previously receive State funding for such full-day prekindergarten programs. In contrast to the 2020-21 budget, this budget provides that additional federal aid would supplement, not

supplant, State funding. Most notably, Foundation Aid is increased by \$1.4 billion (7.6%), and the State has committed to a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the *Campaign for Fiscal Equity* case from the early 2000s.

The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year, and continuing during the State's 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget ("DOB") began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State's 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year is more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts will benefit from a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments will receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal (VLT) facilities will receive a full restoration of \$10.3 million in proposed VLT aid cuts.

Although the 2021-2022 budget contains additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District. See "COVID-19," herein, for further details on the COVID-19 pandemic and its effects on the State.

School district fiscal year (2022-23): The Governor's Enacted budget provides \$31.5 billion in School Aid for the 2022-23 fiscal year, an increase of \$2.1 billion (7.2 percent) from \$29.1 billion 2021-22. Foundation Aid is increased by \$1.5 billion (7.7% increase). This is the second year of the Foundation Aid Formulation, a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the Campaign for Fiscal Equity case from the early 2000s. The budget continues the expansion of full-day prekindergarten that will provide funding to 200 school districts with an increase of \$125 million from the 2022-23 fiscal year, and increase of 13%. The Budget also includes \$451 million increase in all other School Aid programs.

The School District presently anticipates an increase in its State Aid not related to building aid for its 2022-23 fiscal year in an amount of \$966,056.

The State Budget for the 2022-23 fiscal year provides \$56.24 million of Aid to the District, a 5.42% increase from the District's 2022-21 school year.

It should also be noted that the School District receives federal aid for certain programs. In its last audited fiscal year, the School District received \$1,252,142 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 2021-22 and 2022-23 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/files/local-government/fiscal-monitoring/pdf/2021-school-summary-list.pdf>).

Independent Audit

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

New York State Comptroller's Audit

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

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

On October 7, 2016, OSC, Division of Local Government and School Accountability released an audit of the District to review selected District's procurement practices from July 1, 2014 through April 26, 2016. The audit found that the District's procurement policy does not include procedures for attaining professional services and that the District did not always properly enact competitive processes through requests for proposals to obtain quotes for said professional services.

The link to the most recent OSC report is as follows:

<https://www.osc.state.ny.us/local-government/audits/school-district/2016/10/07/corning-city-school-district-procurement-2016m-222>

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

Fund Structure and Accounts

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

Basis of Accounting

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

Budgetary Procedure

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

On May 17, 2022 the qualified voters of the District will vote on the District's budget for the 2022-2023 fiscal year.

TAX INFORMATION

Real Property Tax Assessments and Rates

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the city of Corning and the towns which comprise the District. Assessment valuations are determined by the city and town assessors and the State Board of Equalization and Assessment which is responsible for certain utility and railroad property. In addition, the State Office of Equalization and Assessment annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations. (See, however, "The Tax Levy Limit Law" herein).

Table 5
Assessed and Full Valuation

Based on Special Equalization Rates

Assessment Roll Year:	2017	2018	2019	2020	2021
FYE:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City of Corning					
Assessed Value	\$627,238,644	\$632,587,575	\$633,913,357	\$633,397,900	\$638,941,972
Equalization Rate	99.06%	92.94%	90.91%	88.80%	86.73%
Full Value	\$633,190,636	\$680,640,817	\$697,297,720	\$713,285,923	\$736,702,377

Assessment Roll Year:	2016	2017	2018	2019	2020
FYE:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town of Big Flats					
Assessed Value	\$14,845,575	\$15,172,992	\$15,323,487	\$15,514,591	\$15,497,872
Equalization Rate	100.21%	100.58%	96.37%	95.21%	94.10%
Full Value	\$14,814,465	\$15,085,496	\$15,900,682	\$16,295,128	\$16,469,577
Town of Bradford					
Assessed Value	\$455,315	\$454,603	\$455,059	\$455,418	\$454,259
Equalization Rate	74.84%	69.23%	70.69%	68.29%	65.95%
Full Value	\$608,385	\$656,656	\$643,739	\$666,888	\$688,793
Town of Campbell					
Assessed Value	\$53,640,501	\$52,994,992	\$53,145,374	\$53,725,726	\$54,622,922
Equalization Rate	98.98%	97.09%	92.46%	87.99%	83.46%
Full Value	\$54,193,272	\$54,583,368	\$57,479,314	\$61,058,900	\$65,448,025
Town of Catlin					
Assessed Value	\$52,124,359	\$56,294,141	\$56,192,476	\$56,407,705	\$57,374,355
Equalization Rate	92.25%	98.19%	96.55%	94.01%	91.91%
Full Value	\$56,503,370	\$57,331,847	\$58,200,389	\$60,001,814	\$62,424,497
Town of Caton					
Assessed Value	\$166,268,081	\$166,008,598	\$161,678,117	\$162,201,850	\$162,896,075
Equalization Rate	102.05%	97.86%	92.10%	90.32%	88.62%
Full Value	\$162,928,056	\$169,638,870	\$175,546,273	\$179,585,751	\$183,814,122
Town of Corning					
Assessed Value	\$373,081,188	\$372,138,725	\$423,728,162	\$428,132,837	\$429,178,887
Equalization Rate	87.61%	87.25%	97.02%	94.99%	92.96%
Full Value	\$425,843,155	\$426,520,029	\$436,743,107	\$450,713,588	\$461,681,247
Town of Dix					
Assessed Value	\$12,915,251	\$12,871,974	\$12,867,413	\$14,408,314	\$14,425,695
Equalization Rate	96.11%	91.65%	95.03%	96.97%	94.38%
Full Value	\$13,437,989	\$14,044,707	\$13,540,369	\$14,858,527	\$15,284,695
Town of Erwin					
Assessed Value	\$588,186,475	\$588,903,986	\$608,488,622	\$609,475,305	\$617,513,782
Equalization Rate	96.08%	96.82%	98.89%	96.55%	95.42%
Full Value	\$612,184,091	\$608,246,216	\$615,318,659	\$631,253,553	\$647,153,408
Town of Hornby					
Assessed Value	\$83,713,657	\$83,813,642	\$90,883,487	\$91,332,633	\$92,632,149
Equalization Rate	91.28%	89.36%	94.01%	91.71%	89.56%
Full Value	\$91,710,842	\$93,793,243	\$96,674,276	\$99,588,521	\$103,430,269

Town of Lindley

Assessed Value	\$2,632,362	\$2,722,704	\$2,629,071	\$122,840,012	\$122,889,238
Equalization Rate	2.37%	2.18%	2.06%	92.60%	88.53%
Full Value	\$111,070,127	\$124,894,679	\$127,624,806	\$132,656,600	\$138,810,842

Town of Orange

Assessed Value	\$19,781,879	\$19,765,944	\$19,583,949	\$19,698,708	\$20,049,415
Equalization Rate	96.06%	91.60%	94.97%	96.80%	94.12%
Full Value	\$20,593,253	\$21,578,541	\$20,621,195	\$20,349,905	\$21,301,971

Town of Southport

Assessed Value	\$1,565,739	\$1,498,544	\$1,612,486	\$1,685,222	\$1,688,447
Equalization Rate	99.27%	98.05%	97.96%	97.17%	95.26%
Full Value	\$1,577,253	\$1,528,347	\$1,646,066	\$1,734,303	\$1,772,462

Total:

Assessed Value	\$1,996,449,026	\$2,005,228,420	\$2,080,501,060	\$2,209,276,221	\$2,228,165,068
Full Value	\$2,198,654,894	\$2,268,542,816	\$2,317,236,594	\$2,382,049,401	\$2,454,982,285

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

Table 6
Tax Rates and Levy

FYE:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City of Corning	\$23.64	\$24.04	\$25.33	\$25.42	\$25.40
Town of Big Flats	\$23.64	\$24.04	\$23.81	\$24.24	\$22.86
Town of Bradford	\$29.19	\$28.62	\$33.57	\$32.48	\$33.38
Town of Campbell	\$23.64	\$24.04	\$24.24	\$24.88	\$22.86
Town of Catlin	\$24.89	\$24.04	\$24.06	\$23.87	\$23.32
Town of Caton	\$23.64	\$24.04	\$24.81	\$25.15	\$26.58
Town of Corning	\$26.56	\$26.71	\$23.81	\$23.87	\$24.06
Town of Dix	\$23.64	\$24.04	\$23.81	\$23.39	\$22.86
Town of Erwin	\$23.64	\$24.04	\$23.81	\$23.39	\$22.86
Town of Hornby	\$23.64	\$24.28	\$24.30	\$24.62	\$24.84
Town of Lindley	\$1,010.28	\$1,031.63	\$23.81	\$23.63	\$25.55
Town of Orange	\$23.64	\$24.04	\$23.81	\$23.39	\$22.86
Town of Southport	<u>\$23.64</u>	<u>\$24.04</u>	<u>\$23.80</u>	<u>\$23.40</u>	\$22.85
Tax Levy	<u>\$50,968,797</u>	<u>\$51,854,114</u>	<u>\$54,057,931</u>	<u>\$54,057,931</u>	<u>\$54,798,428</u>

Source: School Officials.

Tax Limit

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

The Tax Levy Limit Law

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

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

Under the Tax Levy Limit Law, there is a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, such as the Notes, and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

Tax Collection Procedure

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

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

STAR – School Tax Exemption

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

For the 2022-23 school levy year, homeowners subject to certain household income limitations are eligible for an enhanced exemption and basic exemption as follows:

<u>Municipality:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>
City of Corning	\$67,410	\$27,000
Town of Bradford	51,310	20,550
Town of Campbell	74,900	30,000
Town of Caton	64,410	25,800
Town of Corning	74,900	30,000
Town of Erwin	74,900	30,000
Town of Hornby	74,900	30,000
Town of Lindley	67,000	26,840
Town of Dix	74,900	30,000
Town of Orange	74,900	30,000
Town of Big Flats	74,900	30,000
Town of Catlin	73,400	29,400
Town of Southport	74,900	30,000

Date Certified: 04/07/2022

Source: Department of Taxation and Finance

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

The maximum savings for each of the municipalities for the 2022-23 fiscal year are as follows:

<u>Municipality:</u>	<u>Basic Maximum Savings</u>	<u>Enhanced Maximum Savings</u>
City of Corning	\$701	1,606
Town of Big Flats	710	1,606
Town of Bradford	692	1,549
Town of Campbell	686	1,615
Town of Catlin	686	1,606
Town of Caton	724	1,606
Town of Corning	707	1,588
Town of Dix	686	1,606
Town of Erwin	686	1,606
Town of Hornby	708	1,607
Town of Lindley	709	1,610
Town of Orange	686	1,606
Town of Southport	685	1,606

Updated: 03/25/22

Source: Department of Taxation and Finance

The District has received full reimbursement of such exempt taxes from the State during the current fiscal year.

Largest Taxpayers for the 2021-22 Fiscal Year

The following table presents the taxable assessments of the District's largest taxpayers from the June 1, 2021 tax roll for the 2021-22 fiscal year.

TABLE 7
Top Ten Largest Taxable Properties

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u> ⁽¹⁾	<u>% of Taxable Full Valuation</u> ⁽¹⁾
Corning, Inc.	Manufacturing	\$111,899,900	4.56%
NYS Electric & Gas Corporation	Utility	60,406,917	2.46%
Corning Natural Gas Corporation	Utility	47,231,503	1.92%
Empire Pipeline	Utility	31,142,247	1.27%
Pennsylvania Lines LLC	Railroad	22,967,320	0.94%
Dominion Transmission	Utility	12,077,999	0.49%
Emerald Springs Apts. LLC	Real Estate	11,896,300	0.48%
Wal Mart Real Estate	Retail	9,000,000	0.37%
Corning Hotel Owner LLC	Hospitality	8,890,000	0.36%
Corning Federal Credit	Bank	<u>8,843,000</u>	<u>0.36%</u>
		<u>\$324,355,186</u>	<u>13.21%</u>

⁽¹⁾ The District's total full valuation based on special equalization rates for the fiscal year 2021-22 is \$2,454,982,285.

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 in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose (as determined by statute) or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment unless the District determines to issue debt amortized on the basis of substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General

The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. (See “*The Tax Levy Limit Law*” herein).

Statutory Procedure

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

The Board of Education may adopt a bond resolution authorizing the expenditure of money for capital purposes and the issuance of bonds and notes in anticipation of the bonds, and such bond resolution is subject to the approval of the qualified electors of the District. The Local Finance Law provides a twenty-day statute of limitations after publication of a bond resolution, or summary thereof, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. It is a procedure that is generally recommended by Bond Counsel, but it is not an absolute legal requirement. The District has complied with such procedure with respect to the Notes.

The Board of Education, as the finance board of the District, has the power to authorize the sale and issuance of bonds and notes, including the 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 issue bonds and notes for any District purpose so long as the aggregate amount thereof shall not, as of the date of issuance, exceed five per centum of the average full valuation of taxable real estate of the District, less certain permitted exclusions. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the special equalization ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

Table 8
Computation of Debt Limit

<u>Fiscal Year:</u>	<u>Full Valuation</u> ⁽¹⁾
2017-18	\$2,198,654,894
2018-19	2,268,542,816
2019-20	2,317,236,594
2020-21	2,382,049,401
2021-22	<u>2,454,982,285</u>
Total Five Year Valuation	<u>\$11,621,465,990</u>
Average Five Year Full Valuation	<u>\$2,324,293,198</u>
Debt Limit - 5% of Average Full Valuation	<u>\$116,214,660</u>

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

Statutory Debt Limit and Net Indebtedness

The following table sets forth the computation of the debt limit of the District and its debt contracting margin as of June 29, 2022 and July 6, 2022.

TABLE 9
Statutory Debt Limit and Net Indebtedness

	<u>Special State Equalization Ratios</u>	
	As of 6/29/22	As of 7/6/22
Average Full Valuation of Taxable Real Property	\$2,324,493,198	\$2,324,493,198
Debt Limit (5% of Average Full Valuation)	\$116,214,660	\$116,214,660
Inclusions:		
Serial Bonds	\$ 72,300,000	\$ 72,300,000
Bond Anticipation Notes	<u>36,439,500</u>	<u>50,514,500</u>
Total Inclusions	\$108,739,500	\$122,814,500
Exclusions:		
Building Aid ⁽¹⁾	0	0
Appropriations to Pay Bonded Debt Service	0	8,395,000
Appropriations to Pay BAN Debt Service	<u>0</u>	<u>1,934,500</u>
Total Exclusions	\$ 0	\$ 10,329,500
Total Net Indebtedness	<u>\$108,739,500</u>	<u>\$112,485,000</u>
Net Debt-Contracting Margin	\$7,475,160	\$3,729,660
Percentage of Debt Contracting Margin Exhausted	93.57%	96.79%

⁽¹⁾ The District anticipates receiving approximately 83.1% of State building aid on current bonded debt, as well as for indebtedness contracted for the Project. Small city school districts, such as the District, are not permitted to exclude such amount from the amount of Total Net Indebtedness.

Authorized but Unissued Indebtedness

The District has \$27,895,000 of authorized but unissued debt. The District expects to issue this amount over the next five years

Short-Term Note Indebtedness

Following the issuance of the Notes, the District will have \$36,349,500 and \$14,075,000 in bond anticipation notes which will mature June 26, 2023.

Other Long-Term Obligations

On July 9, 2020, the District entered into an energy performance contract (“EPC”) for various district-wide energy projects. The modifications were made to improve energy efficiency. The EPC carries an interest rate of 2.33% and is payable semi-annually. Total outstanding balance at June 30, 2021 was \$4,254,532.

Overlapping and Underlying Debt

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

TABLE 10
Statement of Direct and Overlapping Indebtedness

<u>Overlapping Units</u>	<u>Total Net Indebtedness</u>	<u>As of</u>	<u>Percentage Applicable</u>	<u>Applicable Net Indebtedness</u>
County of Chemung	\$45,612,413	12/08/21	1.66%	\$757,166
County of Schuylar	7,616,883	03/03/21	2.17%	165,286
County of Steuben	5,091,989	06/29/21	34.96%	1,780,159
City of Corning	8,009,000	01/13/22	100.00%	8,009,000
Town of Big Flats	3,435,000	12/31/20	1.89%	64,922
Town of Bradford	0	12/31/20	1.28%	0
Town of Campbell	2,832,206	12/31/20	32.12%	909,705
Town of Catlin	665,409	12/31/20	34.21%	227,636
Town of Caton	203,622	12/31/20	99.29%	202,176
Town of Corning	6,251,983	12/31/20	100.00%	6,251,983
Town of Dix	0	12/31/20	4.63%	0
Town of Erwin	8,308,914	08/27/21	96.14%	7,988,190
Town of Hornby	0	12/31/20	100.00%	0
Town of Lindley	0	12/31/20	99.78%	0
Town of Orange	214,169	12/31/20	19.19%	41
Town of Southport	675,000	12/31/20	0.36%	2,430
Village of Painted Post	854,000	05/31/21	100.00%	854,000
Village of Riverside	0	05/31/21	100.00%	0
Village of South Corning	1,373,693	05/31/21	100.00%	<u>1,373,693</u>
Total Net Overlapping Debt				\$28,586,388
Net Direct Debt				<u>\$108,861,500</u>
Total Net Direct and Overlapping Debt				<u>\$137,447,888</u>

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

Debt Ratios

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

TABLE 11
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$108,739,500	\$3,260	4.43%
Net Direct and Overlapping Debt	\$137,447,888	\$4,121	5.60%

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

⁽²⁾ The District's full value of taxable real property based on Special Equalization Rates for fiscal year 2021-22 is \$2,454,982,285.

Debt Service Schedule

The following table shows the debt service requirements to maturity on all of the District's outstanding bonded indebtedness (as of June 8, 2022).

TABLE 12
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>
2022	\$8,610,000	\$1,990,369	\$10,600,369
2023	8,395,000	2,945,088	11,340,088
2024	8,175,000	2,525,338	10,700,338
2025	8,230,000	2,116,588	10,346,588
2026	8,460,000	1,705,088	10,165,088
2027	8,680,000	1,335,288	10,015,288
2028	5,670,000	910,838	6,580,838
2029	5,125,000	703,738	5,828,738
2030	3,995,000	516,400	4,511,400
2031	3,870,000	369,600	4,239,600
2032	3,145,000	253,500	3,398,500
2033	2,965,000	171,100	3,136,100
2034	3,025,000	111,800	3,136,800
2035	1,270,000	51,300	1,321,300
2036	<u>1,295,000</u>	<u>25,900</u>	<u>1,320,900</u>
Total:	<u>\$80,910,000</u>	<u>\$15,731,935</u>	<u>\$96,641,935</u>

Note: Columns may not sum due to rounding.

Source: District Officials

ECONOMIC AND DEMOGRAPHIC DATA

School Enrollment Trends

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

TABLE 13
School Enrollment Trends

<u>Fiscal Year</u>	<u>Actual</u> <u>Enrollment</u>	<u>Fiscal Year</u>	<u>Projected</u> <u>Enrollment</u>
2019-20	4,617	2022-23	4,275
2020-21	4,326	2023-24	4,250
2021-22	4,391	2024-25	4,300

Source: District Officials

Population

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

TABLE 14
Population Trend

	<u>2010</u>	<u>2020</u>	<u>Percentage Change</u> <u>2010/2020</u>
City of Corning	11,183	10,551	(6.0%)
Steuben County	98,990	93,584	(5.8%)
Schuyler County	18,343	17,898	(2.5%)
Chemung County	88,830	84,148	(5.6%)
State	19,378,102	20,201,249	4.3%

Source: U.S. Census Bureau

Employment and Unemployment

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

TABLE 15
Civilian Labor Force
(Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Steuben County	43.5	43.5	43.5	42.7	41.4
Schuyler County	8.4	8.4	8.3	8.2	8.0
Chemung County	36.3	36.1	36.0	35.9	34.5
New York State	9,838.2	9,842.3	9,880.2	9,585.0	9,441.5

Source: New York State Department of Labor

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

TABLE 16
Yearly Average Unemployment Rates

<u>Year</u>	<u>Steuben County</u>	<u>Schuyler County</u>	<u>Chemung County</u>	<u>State</u>
2017	5.7%	5.8%	5.5%	4.6%
2018	4.9%	5.1%	4.6%	4.1%
2019	4.4%	4.4%	4.0%	3.8%
2020	7.9%	8.3%	8.4%	9.9%
2021	5.0%	4.9%	5.3%	6.9%

Source: New York State Department of Labor

TABLE 17
Monthly Unemployment Rates

<u>Month</u>	<u>Steuben County</u>	<u>Schuyler County</u>	<u>Chemung County</u>	<u>State</u>
May 2021	4.8%	4.5%	5.2%	7.0%
June	5.3%	4.9%	5.8%	7.5%
July	5.1%	4.6%	5.4%	7.1%
August	4.7%	4.2%	5.0%	6.7%
September	3.9%	3.6%	4.3%	5.7%
October	3.7%	3.5%	4.0%	5.3%
November	3.5%	3.6%	3.7%	4.9%
December	3.3%	3.6%	3.3%	4.5%
January 2022	4.4%	4.8%	4.1%	5.3%
February	4.6%	5.2%	4.4%	5.1%
March	4.3%	4.7%	4.1%	4.7%
April	3.4%	3.6%	3.4%	4.2%

Source: New York State Department of Labor

Note: Unemployment has drastically increased since mid-March 2020 due to the COVID-19 global pandemic. See "COVID-19" herein.

TABLE 18
Largest Employers

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

Source: Corning Area Chamber of Commerce

LITIGATION

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

On March 11, 2020, a lawsuit was commenced against the School District in New York State Supreme Court, Steuben County, pursuant to the Child Victims Act (the “CVA”). The CVA was signed into law on February 14, 2019 and opened up a one-year window to revive past claims involving sexual crimes against children beginning August 14, 2019. The Legislature and Governor extended the window to August 14, 2021, citing the COVID-19 pandemic earlier this year. The CVA also allows claims to be filed against institutions that may have been involved in the abuse. The complaint alleges sexual misconduct related torts, including alleged negligent supervision and negligent retention by the School District. The acts were allegedly committed by a former teacher against a former student over multi-year periods occurring in the early 1970s. The complaint seeks unspecified monetary damages. The School District continues to investigate possible insurance coverage for the suit. The outcome of the litigation could have a material adverse impact upon the School District’s finances, including causing the School District to issue additional indebtedness to finance the cost of any potential award.

End of Appendix A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

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

	<u>2020</u>	<u>2021</u>
<u>Assets:</u>		
Cash	\$21,093,160	\$18,532,925
Due From Other Governments	1,881,411	2,417,062
Accounts Receivable	186,191	166,375
Investments	0	5,140,539
State and Federal Aid Receivable	930,211	1,585,872
Due from other Funds	2,176,820	949,247
Inventory and Prepaid Deposits	343,800	343,800
Property Taxes Receivable	97,493	93,779
Total Assets	\$26,709,086	\$29,229,599
 <u>Liabilities and Fund Balance:</u>		
Accounts Payable	\$978,207	\$1,063,038
Accrued Liabilities	1,540,065	2,536,123
Due to Retirement Systems	4,291,985	4,691,605
Unavailable and Unearned Revenue	70,320	75,706
Total Liabilities	6,880,577	8,366,472
 <u>Fund Balance:</u>		
Nonspendable	1,350,993	991,451
Restricted	10,357,230	12,226,245
Assigned	4,045,988	2,921,741
Unassigned	4,074,298	4,723,690
	19,828,509	20,863,127
 Total Liabilities and Fund Balance	 \$26,709,086	 \$29,229,599

Source: Audited Financial Statements

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Real Property Taxes & Tax Items	\$54,612,422	\$55,528,562	\$56,769,617	\$58,227,137	\$58,395,123
Charges for Services	844,157	891,987	732,749	642,934	617,486
Use of Money & Property	94,872	342,042	537,871	315,705	81,243
Sale of Prop. & Comp. for Loss	87,613	209,797	262,437	77,008	316,975
Miscellaneous	1,429,442	1,543,649	1,689,304	1,656,650	1,821,286
State Aid	45,442,529	46,483,480	48,793,661	50,991,825	51,393,905
Federal Aid	234,587	367,615	364,387	263,418	1,252,142
Total Revenues	<u>102,745,622</u>	<u>105,367,132</u>	<u>109,150,026</u>	<u>112,174,677</u>	<u>113,878,160</u>
Expenditures:					
General Support	12,416,765	12,888,907	13,578,743	13,537,670	13,200,025
Instruction	47,045,704	47,420,586	49,714,480	49,596,893	50,638,757
Pupil Transportation	5,859,724	6,044,317	6,333,053	6,221,528	6,155,987
Community Services	97,279	105,880	108,618	115,513	126,353
Employee Benefits	26,785,697	26,515,358	28,711,344	26,729,152	29,732,296
Debt Service	3,010,056	4,345,145	3,702,488	8,588,533	4,084,961
Total Expenditures	<u>95,215,225</u>	<u>97,320,193</u>	<u>102,148,726</u>	<u>104,789,289</u>	<u>103,938,379</u>
Excess of Revenues (Expenditures)	7,530,397	8,046,939	7,001,300	7,385,388	9,939,781
Other Financing Sources (Uses)					
Operating Transfer Out	<u>(7,757,131)</u>	<u>(6,435,430)</u>	<u>(7,536,828)</u>	<u>(5,595,797)</u>	<u>(8,905,163)</u>
Total Other Financing Sources (Uses)	<u>(7,757,131)</u>	<u>(6,435,430)</u>	<u>(7,536,828)</u>	<u>(5,595,797)</u>	<u>(8,905,163)</u>
Net Change in Fund Balances	(226,734)	1,611,509	(535,528)	1,789,591	1,034,618
Adjustments					
Fund Balance - Beg. of Year	<u>17,189,671</u>	<u>16,962,937</u>	<u>18,574,446</u>	<u>18,038,918</u>	<u>19,828,509</u>
Fund Balance - End of Year	<u>\$16,962,937</u>	<u>\$18,574,446</u>	<u>\$18,038,918</u>	<u>\$19,828,509</u>	<u>\$20,863,127</u>

Source: Audited Financial Statements
Summary not Audited

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

	Adopted Budget <u>2021-22</u>	Adopted Budget <u>2022-23</u>
Estimated Revenues:		
Real Property Tax	\$54,798,428	\$56,252,766
Other Tax Items	4,433,208	4,413,704
Charges for Services	496,000	466,500
Use of money and property	74,200	74,600
Sale of property and compensation for loss	19,700	19,700
Miscellaneous	1,080,000	1,080,000
State Aid	54,423,664	56,253,634
Federal Aid	150,000	200,000
Subtotal Estimated Revenues	<u>115,475,200</u>	<u>118,760,904</u>
Other Sources:		
Interfund Transfers	1,136,724	2,383,981
Appropriated Fund Balance	1,500,000	1,700,000
Total Estimated Revenues & Other Sources	<u><u>\$118,111,924</u></u>	<u><u>\$122,844,885</u></u>
Appropriations:		
General Support	\$13,253,958	\$14,009,365
Instruction	51,805,823	52,975,058
Public Safety and Transportation	6,775,992	7,531,375
Community Services	143,709	151,128
Employee Benefits	31,837,100	32,870,309
Debt Service ⁽¹⁾	1,681,021	2,655,679
Total Appropriations:	<u>105,497,603</u>	<u>110,192,914</u>
Other Uses:		
Interfund Transfers ⁽²⁾	<u>12,614,321</u>	<u>12,651,971</u>
Total Appropriations and Other Uses:	<u><u>\$118,111,924</u></u>	<u><u>\$122,844,885</u></u>

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

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

Source: School District Officials

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
June 30, 2021**

**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/P11544402-P21173983-P21590135.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. Lumsden & McCormick, 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.**

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

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

“Issuer” shall mean the City School District of the City of Corning, in the Counties of Steuben, Schuyler and Chemung, a School District of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of June 27, 2022.

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

“Securities” shall mean the Issuer’s **\$36,439,500 Bond Anticipation Note-2022A**, dated June 27, 2022, maturing on June 26, 2023, and the **\$14,075,000 Bond Anticipation Note-2022B**, dated July 6, 2022, maturing on June 26, 2023 and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

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

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (15) Issuance of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priorities rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

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

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **June 27/July 6, 2022**.

CITY SCHOOL DISTRICT OF THE CITY OF CORNING

By _____
PRESIDENT OF THE BOARD OF EDUCATION

Hawkins Delafield & Wood LLP
7 World Trade Center, 250 Greenwich Street
New York, New York 10007

June 27, 2022

The Board of Education of the
City School District of the City of Corning,
in the Counties of Steuben, Schuyler and Chemung, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the City School District of the City of Corning, in the Counties of Steuben, Schuyler and Chemung (the “District”), a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$36,439,500 Bond Anticipation Note-2022A (the “Note”), dated and delivered the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

On July 6, 2022, the District will issue its \$14,075,000 Bond Anticipation Note-2022B (the “Series B Notes”). The Series B Notes are treated, together with the Note, as a single issue for federal tax purposes. We have served as Bond Counsel with respect to the issuance of the Series B Notes, and, on their issue date, we expect to rendered our opinion with respect to the exclusion of interest on the Series B Notes from gross income for federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Note, and the Series B Notes to become subject to federal income taxation retroactive to the date hereof, irrespective of the date on which such noncompliance occurs or is ascertained.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.
2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue

Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the District’s representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

Hawkins Delafield & Wood LLP
7 World Trade Center, 250 Greenwich Street
New York, New York 10007

July 6, 2022

The Board of Education of the
City School District of the City of Corning,
in the Counties of Steuben, Schuyler and Chemung, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the City School District of the City of Corning, in the Counties of Steuben, Schuyler and Chemung (the “District”), a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$14,075,000 Bond Anticipation Note-2022B (the “Note”), dated and delivered the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

On June 27, 2022, the District issued its \$36,439,500 Bond Anticipation Note-2022A (the “Series A Notes”). The Series A Notes are treated, together with the Note, as a single issue for federal tax purposes. We have served as Bond Counsel with respect to the issuance of the Series A Notes, and, on their issue date, we rendered our opinion with respect to the exclusion of interest on the Series A Notes from gross income for federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Note, and the Series A Notes to become subject to federal income taxation retroactive to the date hereof, irrespective of the date on which such noncompliance occurs or is ascertained.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.
2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue

Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the District’s representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,