PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **SERIAL BONDS**

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended. Bond Counsel is also of the opinion that the interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel observes that interest on the Bonds that is included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax, under Section 55 of the Code. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX EXEMPTION" herein.

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

FRANKLINVILLE CENTRAL SCHOOL DISTRICT
CATTARAUGUS COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #: 355321

$1,000,000 School District Serial Bonds, 2025

(the "Bonds")

Dated: February 20, 2025 **Due: February 15, 2026-2030**

MATURITIES*

Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP
2026	$ 180,000	%	%		2028	$ 200,000	%	%		2030	$ 220,000	%	%	
2027	190,000				2029	210,000								

The Bonds are not subject to redemption prior to maturity.

The Bonds are general obligations of the Franklinville Central School District, Cattaraugus County, New York (the "District" or the "School District"), and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds. All the taxable real property within the District will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York.

The Bonds will be issued as registered Bonds and at the option of the purchaser(s), may be registered in the name of the purchaser(s) or may be registered to the Depository Trust Company, New York, New York ("DTC"). If such Bonds are issued as registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds. In such case, the Bonds will be issued as registered in the name of the purchaser(s) in denominations of $5,000 or multiples thereof, as may be determined by such successful bidder(s).

Alternatively, if the Bonds are issued through DTC, the Bonds will be registered in the name of Cede & Co. as nominee of DTC which will act as the securities depository for the Bonds. Bondholders will not receive certificates representing their ownership interest in the Bonds purchased if the purchaser(s) elects to register the Bonds. Such Bonds will be issued in denominations of $5,000 or integral multiples thereof, as may be determined by such successful bidder(s). If the Bonds are issued as registered Bonds, payment of the principal of and interest on the Bonds to the Beneficial Owner(s) of the Bonds will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Proposals for the Bonds shall be for not less than $1,000,000 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

The Bonds are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Hodgson Russ LLP of Buffalo, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as may be agreed upon, on or about February 20, 2025.

ELECTRONIC BIDS for the Bonds must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on February 6, 2025 until 11:00 A.M., Prevailing Time, pursuant to the Notice of Private Competitive Bond Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Bonds pursuant to the terms provided in the Notice of Private Competitive Bond Sale.

January 31, 2025

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SUCH RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF PRIVATE COMPETITIVE BOND SALE WITH RESPECT TO THE BONDS. UNLESS THE BONDS ARE PURCHASED FOR THE SUCCESSFUL BIDDER'S OWN ACCOUNT, AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE DISTRICT WILL ENTER INTO AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS REQUIRED BY THE RULE. SEE "APPENDIX C – DISCLOSURE UNDERTAKING" HEREIN.

FRANKLINVILLE CENTRAL SCHOOL DISTRICT
CATTARAUGUS COUNTY, NEW YORK
SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

MARK SLAVINSKI
President

SARA HATCH
Vice President

DANA ROSETTI
WILLIAM WEIGEL
MALACHI BLUNDON

* * * * *

DONALD PUTNAM
Superintendent of Schools

DONNA HOWARD
Business Executive

TARA BOWERS
District Clerk

DIANE FOX
Senior Account Clerk

JEFFREY F. SWIATEK, ESQ.
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

HODGSON RUSS LLP
Bond Counsel & School District Attorney

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

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT
of the

FRANKLINVILLE CENTRAL SCHOOL DISTRICT
CATTARAUGUS COUNTY, NEW YORK

Relating to

$1,000,000 School District Serial Bonds, 2025

This Official Statement, which includes the cover page and appendices, has been prepared by the Franklinville Central School District, Cattaraugus County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of its $1,000,000 principal amount of School District Serial Bonds, 2025 (the "Bonds").

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

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff.

THE BONDS

Description of the Bonds

The Bonds are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District will be subject to the levy of *ad valorem* taxes to pay the Bonds and interest thereon, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. (See "TAX LEVY LIMITATION LAW" herein.)

The Bonds are dated February 20, 2025 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds will not be subject to redemption prior to maturity. The "Record Date" of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on August 15, 2025 and semi-annually thereafter on February 15 and August 15 in each year until maturity. Principal and interest will be paid 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 Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of $5,000 or any integral multiple thereof, and the District will act as paying agent.

No Optional Redemption

The Bonds are <u>not</u> subject to redemption prior to maturity.

Purpose of Issue

The Bonds are being issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to a bond resolution that was duly adopted by the Board of Education of the District on January 16, 2025 authorizing the issuance of $1,000,000 in serial bonds to finance the cost of a legal settlement to resolve a certain lawsuit that has been brought against the District.

The proceeds of the Bonds will provide $1,000,000 of new monies for the aforementioned purpose.

NATURE OF THE OBLIGATION

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

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

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

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

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

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean. . . So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. . . While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the *Flushing National Bank* (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, ensuring the availability of the levy of property tax revenues to pay debt service. As the *Flushing National Bank* (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in *Flushing National Bank v. Municipal Assistance Corp.*, 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in *Quirk*, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In *Quirk v. Municipal Assistance Corp.*, the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Bonds, if so requested. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, a limited-purpose trust company organized under the New York Banking Law, is 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, 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Principal and interest payments on the Bonds 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 nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds 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 transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

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

Source: The Depository Trust Company.

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

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

Certificated Bonds

If the book-entry form is initially chosen by the purchaser(s) of the Bonds, DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Bonds upon issuance and later discontinued, the following provisions will apply:

The Bonds will be issued in registered form in denominations of $5,000 or integral multiples thereof,. Principal of and interest on the Bonds will be payable at a principal corporate trust office of a bank or trust company, located and authorized to do business in the State to be named as fiscal agent by the District. The Bonds will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District, with a total land area of approximately 125 square miles is located 50 miles south of the City of Buffalo and about 20 miles north of the City of Olean. On a valuation basis, the District comprises approximately 96% of the Town of Franklinville, includes large portions of the Towns of Farmersville, Lyndon, Ischua, and minor portions of the Towns of Humphrey and Machias.

The District is largely suburban and rural residential in character. Residents find employment within the District, as well as in Olean and Buffalo.

Air transportation is available at Buffalo Niagara International Airport and Cattaraugus-Olean Municipal Airport. Highway transportation includes State Routes 16 and 98 as well as a network of County and Town Roads.

Recent Developments

Great Lakes Cheese Company broke ground in April, 2022 on a new 480,000 square foot cheese and whey manufacturing facility and a 16,000 square foot wastewater treatment facility in the Towns of Franklinville and Farmersville.

Lebanon Seaboard Corporation has relocated to the Village of Franklinville with the purchase of a 4.5-acre property to house its manufacturing facility.

Source: District officials.

Population

The 2023 estimated population of the District is 4,483. (Source: U.S. Census Bureau, 2019-2023 5-Year American Community Survey data.)

Note: U.S. Census Bureau, 2020-2024 American Community Survey 5-Year Estimates data is not available as of the date of this Official Statement.

Larger Employers

The following are the five larger employers located within or in close proximity to the District.

Name	Type	Employees
Cattaraugus County	Government	1,200
Seneca Allegany Resort & Casino	Gaming/Recreation	1,000
Intandem	Rehabilitation Services	1,000
Olean General Hospital	Health Care	900
Cattaraugus-Allegany BOCES	Education	850

Source: District officials.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the Towns, County and Village listed below. The figures set below with respect to such Towns, County, Village and State are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns, County, Village, or State are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2006-2010	2016-2020	2019-2023	2006-2010	2016-2020	2019-2023
Village of:						
Franklinville	$ 17,863	$ 22,770	$ 27,195	$ 45,789	$ 71,458	$ 82,778
Towns of:						
Farmersville	23,568	22,484	30,575	43,482	49,167	51,289
Franklinville	18,299	25,070	29,450	49,375	70,125	77,188
Humphrey	20,323	28,780	35,621	50,859	63,814	79,531
Ischua	19,744	24,783	31,866	47,917	60,870	97,708
Lyndon	21,288	26,729	34,700	58,333	61,406	73,750
Machias	19,513	25,744	26,813	47,297	59,083	70,933
County of:						
Cattaraugus	20,824	26,797	31,173	51,227	62,587	75,127
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Source: U.S. Census Bureau, 2006-2010, 2016-2020, and 2019-2023 5-Year American Community Survey data.

Note: U.S. Census Bureau, 2020-2024 American Community Survey 5-Year Estimates data is not available as of the date of this Official Statement.

Unemployment Rate Statistics

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

	Annual Averages						
	2017	2018	2019	2020	2021	2022	2023
Cattaraugus County	6.2%	5.3%	4.9%	9.1%	5.3%	4.0%	4.3%
New York State	4.6	4.1	3.8	9.9	6.9	4.3	4.2

	2024 Monthly Figures											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Cattaraugus County	5.3%	5.2%	4.7%	4.2%	4.0%	3.9%	4.4%	4.3%	3.2%	3.4%	3.7%	N/A
New York State	4.3	4.5	4.2	3.9	4.2	4.3	4.9	4.9	4.0	4.1	4.2	N/A

Note: Unemployment rates for the month of December 2024 are unavailable as of the date of this Official Statement.

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

Form of School Government

The Board of Education, which is the policy-making body of the District, consists of five members with overlapping five-year terms so that as nearly as possible, an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other District offices or positions while serving on the Board of Education. The Board members select the President and the Vice President.

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, Business Executive, the District Clerk and the District Treasurer.

Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) savings accounts or money market accounts of designated banks; (2) certificates of deposit issued by a bank or trust company located in and authorized to do business in New York State; (3) demand deposit accounts in a bank or trust company located in and authorized to do business in New York State; obligations of New York State; obligations of the United States Government (U.S. Treasury Bills and Notes); (4) repurchase agreements involving the purchase and sale of direct obligations of the United States; (5) all funds except Reserve Funds may be invested in revenue anticipation notes or tax anticipation notes of other school districts and municipalities, with the approval of the State Comptroller and (6) only reserve funds may be invested in obligations of the District.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven days and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011 ("Chapter 97"), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the "School District Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap must receive at least 60% voter approval.

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

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

Recent Budget Vote Results

The budget for the 2023-24 fiscal year was adopted by qualified voters on May 16, 2023 by a vote of 91 to 66. The District's adopted budget for the 2023-24 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a tax levy increase of 1.67%, which was below the District tax levy limit of 4.22%.

The budget for the 2024-25 fiscal year was adopted by qualified voters on May 21, 2024 by a vote of 89 to 83. The District's adopted budget for the 2024-25 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a tax levy increase of 1.90%, which was below the District tax levy limit of 3.59%.

State Aid

The District receives financial assistance from the State in the form 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. In its adopted budget for the 2024-25 fiscal year, approximately 76.45% of the revenues of the District are estimated to be received in the form of State aid. 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.

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.

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

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

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.

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 and 2021 to 2023 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. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017 and the State’s 2023-24 Budget which was not adopted until May 3, 2023. No assurance can be given that the State will not experience delays in 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.

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.

Federal Aid Received by the State

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

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

Building Aid

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The building aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2024-25 preliminary building aid ratios, the District expects to receive State building aid of approximately 91.1% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State Aid History

School District Fiscal Year (2019-2020): The State 2019-2020 Enacted Budget included a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6% and will provide additional funding for Foundation Aid of $338.0 million and $409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by $49.99 million to a total of $250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increased the minimum community schools funding amount from $75,000 to $100,000. This ensured all high-need districts across the State could apply the funds to a wide-range of activities.

School District Fiscal Year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately $27.9 billion, an annual increase of approximately $100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State aid, in the event that actual State revenues 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. However, the 2020-2021 State aid declines were offset, in part, by $1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled $27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately $100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

School District Fiscal Year (2021-2022): The State's 2021-22 Enacted Budget included $29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a $1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of $13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of $629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, $105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of $10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

School District Fiscal Year (2022-2023): The State's 2022-23 Enacted Budget included $31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of $2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also included $14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public 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 2022-23 Enacted Budget allocated $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by $125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School District Fiscal Year (2023-2024): The State's 2023-24 Enacted Budget included $34.5 billion for school aid, an increase of $3.1 billion or 10%, which was the highest level of State aid to date. The States 2023-24 Budget also provided a $2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided $134 million to increase access to free school meals. An additional $20 million in grant funding established new Early College High School and Pathways in Technology Early College High School Programs. An investment of $10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional $150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

School District Fiscal Year (2024-25): The State's 2024-25 Enacted Budget provides $35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever. This represents an increase of $1.3 billion compared to the 2023-24 school year and includes a $934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Enacted Budget maintains the "save harmless" provision, which currently ensures a school district receives at least the same amount of Foundation Aid as it received in the prior year. The State's 2024-25 Enacted Budget also authorizes a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

State Aid Litigation

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

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

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights v. State of New York* ("NYSER") and a consolidated case on the right to a sound basic education. The *NYSER* lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the *CFE* case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs' causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *CFE* case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the *NYSER* case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the *CFE* cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enacted this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: $19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately $21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately $23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts.

The foundation aid formula is being reviewed for potential revisions. Any revisions to the formula could result in less State aid to the District.

State Aid Revenues

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	$ 19,125,557	$ 14,074,153	73.59%
2020-2021	19,090,022	13,868,466	72.65
2021-2022	19,592,923	14,663,428	74.84
2022-2023	20,453,176	15,284,159	74.73
2023-2024	21,444,383	15,719,547	73.30
2024-2025 (Budgeted)	21,118,624	16,145,750	76.45

Source: Audited Financial Statements for the 2019-20 through 2023-24 fiscal years, and the adopted budget for the 2024-25 fiscal year (unaudited). This table is not audited.

District Facilities

Name	Grades	Year(s) Built/Additions
Franklinville High School	6-12	1925, '00, '10
Franklinville Elementary School	PK-5	1953, '00, '10, '20
Franklinville Bus Garage	N/A	1952

Source: District officials.

Enrollment Trends

School Year	Total Enrollment	School Year	Total Projected Enrollment
2020-2021	681	2025-2026	685
2021-2022	652	2026-2027	685
2022-2023	654	2027-2028	685
2023-2024	654	2028-2029	685
2024-2025	696	2029-2030	685

Source: District officials.

Employees

The District employees a total of 151 full-time personnel. The collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements are as follows:

Members	Union Representation	Contract Expiration Date
76	Franklinville Teachers Association Member	June 30, 2025
66	Franklinville Non-Teaching Association Members, Non-Union	June 30, 2025

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022 (for both Tier V and Tier VI).
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, 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 the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted contributions for the 2024-25 fiscal years are as follows:

Fiscal Year	ERS	TRS
2019-2020	$ 311,584	$ 634,517
2020-2021	275,441	537,870
2021-2022	321,697	586,858
2022-2023	242,779	585,982
2023-2024	285,394	640,118
2024-2025 (Budgeted)	384,451	635,007

Source: District officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District does not currently have any early retirement incentive programs.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2020-21 to 2024-25) is shown below:

Year	ERS	TRS
2020-21	14.6%	9.53%
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11

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

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

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

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

The District did not participate in the Stable Rate Pension Contribution Option, nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District's employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a fund. As of June 30, 2024, the TRS Reserve fund balance was $358,052, the ERS Reserve fund balance was $962,465.

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The implementation of this statement requires school districts to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position. As of the fiscal year ended June 30, 2018, the District was required to, and had implemented GASB 75.

The District contracted with NYHART Actuary & Employee Benefits, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2023 and 2024 fiscal years, by source.

Fiscal Year Beginning:	July 1, 2022	July 1, 2023
	$ 11,107,209	$ 7,249,611
Changes for the year:		
Service cost	197,284	100,154
Interest	243,343	293,331
Change of benefit terms	-	-
Changes in assumptions	(1,242,954)	173,024
Differences between expected and actual experience	(2,667,244)	(219,998)
Benefit payments	(388,027)	(359,305)
Net Changes	$ (3,857,598)	$ (12,794)
Fiscal Year Ending:	June 30, 2023	June 30, 2024
	$ 7,249,611	$ 7,236,817

Source: Audited financial reports of the District. For additional information see "APPENDIX – D" attached hereto. The above table is not audited.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved $0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which bonds and notes are to be issued is the Education Law and the Local Finance Law.

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

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

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2024 and may be found attached hereto as "APPENDIX – D" to this Official Statement. Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State Comptroller. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2004, the District issued its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as Management's Discussion and Analysis.

New York State Comptroller Reports of Examination

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

There are no recent Office of the State Comptroller's audits of the District, nor any that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, nor incorporation herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

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 Fiscal Stress" or "No Designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "No Designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the three most recently available fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2023	No Designation	0.0
2022	No Designation	0.0
2021	No Designation	0.0

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, nor incorporation herein by reference.

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TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Farmersville	$ 37,324,054	$ 37,500,887	$ 37,526,527	$ 38,653,237	$ 67,372,034 (1)
Franklinville	84,042,678	84,546,354	85,449,797	86,749,109	237,841,817 (1)
Humphrey	11,092,400	11,067,698	11,204,524	11,462,330	11,576,756
Ischua	10,783,524	10,690,332	10,639,431	10,731,983	10,835,958
Lyndon	40,860,963	41,271,698	41,764,444	42,734,971	43,245,931
Machias	18,853,159	23,215,590	24,602,504	26,940,331	28,796,656
Total Assessed Values	$ 202,956,778	$ 208,292,559	$ 211,187,227	$ 217,271,961	$ 399,669,152
State Equalization Rates					
Towns of:					
Farmersville	92.00%	86.00%	76.00%	66.00%	100.00%
Franklinville	62.00%	60.00%	53.00%	45.00%	100.00%
Humphrey	84.00%	83.00%	77.00%	69.00%	63.00%
Ischua	85.00%	85.00%	79.00%	70.00%	64.00%
Lyndon	96.00%	94.00%	84.00%	73.00%	68.00%
Machias	91.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	$ 265,295,328	$ 277,549,361	$ 312,944,086	$ 368,766,172	$ 432,914,452

(1) Large year to year difference due to town revaluation

Source: District officials.

Tax Rates Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Farmersville	$ 17.62	$ 18.01	$ 18.08	$ 17.85	$ 10.29
Franklinville	26.14	25.82	25.93	26.34	10.29
Humphrey	19.30	18.67	17.84	17.18	16.33
Ischua	19.07	18.23	17.39	16.94	16.06
Lyndon	16.88	16.48	16.36	16.23	15.13
Machias	17.81	15.49	13.74	11.86	10.29

Source: District officials.

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged for the next 30 days. On or about November 1st, uncollected taxes are returnable to the County of Cattaraugus for collection. The District receives this amount from the County prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Total Tax Levy	$ 4,300,000	$ 4,300,000	$ 4,300,000	$ 4,371,810	$ 4,454,874
Amount Uncollected (1)	367,839	329,533	351,946	338,857	329,395
% Uncollected	8.55%	7.66%	8.18%	7.75%	7.39%

(1) See "Tax Collection Procedure" herein.

Source: District officials.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Tax & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax & Tax Items
2019-2020	$ 19,125,557	$ 4,310,484	22.54%
2020-2021	19,090,022	4,308,147	22.57
2021-2022	19,592,923	4,311,288	22.00
2022-2023	20,453,176	4,310,891	21.08
2023-2024	21,444,383	4,376,052	20.41
2024-2025 (Budgeted)	21,118,624	4,466,374	21.15

Source: Audited Financial Statements for the 2019-20 through 2023-24 fiscal years, and the adopted budget for the 2024-25 fiscal year (unaudited). This table is not audited.

Ten Largest Taxpayers – 2024 Assessment Roll for 2024-25 School District Tax Roll

Name	Type	Taxable Assessed Valuation
National Grid/Niagara Mohawk	Utility	$ 16,105,233
State Of New York	State Land	8,159,980
National Fuel	Utility	5,193,634
Southern Tier Rail Authority	Railroad	4,856,400
Armstrong Communications	Telcom	4,503,022
Buffalo Crushed Stone	Construction	3,223,400
Schwab Dairy & Land Holdings	Agricultural	1,847,800
Lebanon Seaboard Corp	Manufacturing	1,800,000
CCC Real Estate Holdings	Real Estate	1,799,800
Triton Valley Estates	Housing	1,774,900

The ten larger taxpayers listed above have a total taxable assessed valuation of $19,264,169, which represents 4.82% of the tax base of the District for the 2024-25 fiscal year.

As of the date of this Official Statement, the District currently does not have any pending or outstanding tax certioraris that are known or expected to have a material impact on the District.

Source: District Tax Rolls.

Additional Tax Information

Real property located in the District is assessed by the Towns or the County of Cattaraugus

Senior citizens' exemptions are offered to those who qualify.

The estimated total annual property tax bill of a $100,000 market value residential property located in the School District is approximately $2,476 including County, Town, School District and Fire District taxes.

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.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $98,700 or less in 2023-2024, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $81,400 for the 2023-24 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

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

The 2020-21 Enacted State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent. While former Governor Cuomo had issued various Executive Orders in response to the COVID-19 pandemic that temporarily precluded the State Tax Department from disallowing STAR exemptions or credits, the most recent of such Executive Orders expired on July 5, 2021.

The 2022-23 Enacted State Budget provided $2.2 billion in State funding for a new one-year property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below $250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners' existing STAR benefit.

The below table lists the basic and enhanced exemption amounts for the 2023-24 District tax roll for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Farmersville	$ 94,860	$ 34,960	4/9/2024
Franklinville	105,080	39,020	4/9/2024
Humphrey	57,960	20,700	4/9/2024
Ischua	58,800	21,090	4/9/2024
Lyndon	61,320	22,430	4/9/2024
Machias	90,720	32,400	4/9/2024

$553,310 of the District's $4,371,810 school tax levy for the 2023-2024 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2024.

Approximately $508,200 of the District's $4,454,874 school tax levy for the 2024-2025 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2025.

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TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor ("Chapter 97" or the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective City.)

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget 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").

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020; however, recent legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy, and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

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

See "State Aid" for a discussion of the *New Yorkers for Students' Educational Rights v. State of New York* case which includes a challenge to the supermajority requirements regarding school district property tax increases.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining debt service is utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of such bonds. No down payment is required in connection with the issuance of District obligations.

The Local Finance Law also authorizes the District to issue revenue anticipation notes, in anticipation of the collection of a specific type of revenue, such as State aid.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio shall be determined.

The Local Finance Law also provides that where a resolution authorizing the issuance of bonds or notes is published with a statutory form of notice, the validity of the bonds or notes authorized thereby, including revenue anticipation notes may be contested only if:

(1) (a) such obligations were authorized for an object or purpose for which the District is not authorized to expend money, or

(b) the provisions of the law which should be complied with as of the date of publication of this notice were not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of this notice; or

(2) Such obligations were authorized in violation of the provisions of the Constitution of New York.

The District has complied with this estoppel procedure in connection with the bond resolution under which the Bonds are being issued. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2020	2021	2022	2023	2024
Bonds	$ 7,630,000	$ 6,460,000	$ 9,920,000	$ 8,550,000	$ 7,050,000
Bond Anticipation Notes	0	5,100,000	0	0	0
Other Debt [1]	1,919,367	1,753,455	1,600,383	1,443,769	1,283,403
Total Debt Outstanding	$ 9,549,367	$ 13,313,455	$ 11,520,383	$ 9,993,769	$ 8,333,403

[1] Energy performance contracts (leases) do not constitute debt for Local Finance Law purposes; however, they are included for purposes of calculating the debt limit of the District. See "Other Obligations" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of January 31, 2025:

Type of Indebtedness	Maturity		Amount
Bonds [1]	2025-2037		$ 7,050,000
Bond Anticipation Notes	---		0
		Total Indebtedness	$ 7,050,000

[1] Figures above do not include outstanding Energy Performance Contract indebtedness of the District.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of January 31, 2025:

Full Valuation of Taxable Real Property			$ 432,914,452
Debt Limit – 10% thereof			43,291,445
Inclusions:			
Bonds	$ 7,050,000		
Bond Anticipation Notes (BANs):	0		
Total Inclusions prior to issuance of the Notes	7,050,000		
Less: Obligations being redeemed from appropriations	0		
Add: New money proceeds of the Bonds	1,000,000		
Total Net Inclusions after issuance of the Bonds		$ 8,050,000	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness after issuance of the Bonds			$8,050,000
Net Debt-Contracting Margin			$35,241,445
The percent of debt contracting power exhausted is			18.59%

[1] Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on 2024-2025 preliminary building aid estimates, the District anticipates State Building aid of 91.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to its capital project indebtedness.

Notes: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the statutory debt limit of the District. The table above does not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent any such indebtedness may be applicable to the District.

Bonded Debt Service

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

Capital Project Plans

On September 3, 2024 the qualified voters of the District approved a capital project in the amount of $33,763,000. The District plans to utilize $5,300,000 in Capital Reserves and up to $28,463,000 in debt issuance for the project. The project is in the early planning stages, construction is expected to begin in the spring of 2026, no debt has been issued as of this Official Statement

Cash Flow Borrowings

The District has not issued revenue anticipation notes or tax anticipation notes in the recent past, and does not anticipate doing so in the foreseeable future.

Other Obligations

In the summer of 2015, the District's Board of Education approved an Energy Performance Contract (EPC) in the amount $2,267,189 for the replacement of boilers, some rooftop units, addition of solar heating, and few other small miscellaneous items to reduce energy costs. The District received approval from the New York State Education Department (NYSED) on August 31, 2016. The EPC was awarded to Key Government Finance, Inc. and closed on November 27, 2016. The interest rate is 2.375% and the District will make quarterly principal and interest payments on March 1, June 1, September 1 and December 1, commencing on September 1, 2017.

The following is a summary of the total payments due each fiscal year:

Fiscal Year Ending	Total Principal Due	Total Interest Due
2025	$ 164,209	$ 29,028
2026	168,144	25,093
2027	172,173	21,604
2028	176,299	16,938
2029	180,523	12,714
2030-32	422,055	12,632
TOTALS	$ 1,283,403	$ 117,469

Energy performance contracts (leases) do not constitute debt for Local Finance Law purposes; however, they are included for purposes of calculating the debt limit of the District.

Source: Audited Financial Statement of the District. See "APPENDIX – D" herein.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated indebtedness of the respective municipalities is outlined in the table below:

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Net Overlapping Indebtedness
County of:						
Cattaraugus	8/5/2024	$ 38,830,000 (3)	$ -	$ 38,830,000	5.58%	$ 2,166,714
Towns of:						
Farmersville	12/31/2021	73,662 (4)	- (5)	73,662	51.50%	37,936
Franklinville	12/31/2021	463,340 (4)	46,140 (5)	417,200	96.29%	401,722
Humphrey	12/31/2021	- (4)	- (5)	-	12.39%	-
Ischua	12/31/2021	- (4)	- (5)	-	25.81%	-
Lyndon	12/31/2021	90,000 (4)	- (5)	90,000	80.50%	72,450
Machias	12/31/2021	6,264,045 (4)	- (5)	6,264,045	12.64%	791,775
Village of:						
Franklinville	5/31/2022	490,800 (4)	- (5)	490,800	100.00%	490,800
					Total:	$ 3,961,397

(1) Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

(2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

(3) Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.

(4) Gross indebtedness sourced from local government data provided by the State Comptroller's office for the most recent fiscal year such data is available for the respective municipality.

(5) Information regarding excludable debt not available.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of January 31, 2025:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 8,050,000	$ 1,795.67	1.86%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	12,011,397	2,679,32	2.77

(a) The 2023 estimated population of the District is 4,483. (See "THE SCHOOL DISTRICT – District Population" herein.)
(b) The District's full value of taxable real estate for the 2024-25 tax roll is $432,914,452. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
(d) The District's applicable share of Net Overlapping Indebtedness is estimated to be $3,961,397. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

In the event of a default in the payment of the principal of and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds.

In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a federal court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of federal bankruptcy law for the composition or adjustment of municipal indebtedness. While these provisions do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

MARKET AND RISK FACTORS

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

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT - State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, could have an impact upon the market price of the Bonds. See “TAX LEVY LIMITATION LAW” herein.

Amendments to the Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the District. (see “TAX EXEMPTION,” herein).

Disease outbreaks or similar public health threats could have an adverse impact on the District’s financial condition and operating results.

Inflation Reduction Act of 2022 On August 16, 2022, Former President Biden signed into law the Inflation Reduction Act of 2022 (H.R. 5376). For tax years beginning after 2022, this legislation will impose a minimum tax of 15 percent on the “adjusted financial statement income” of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with at least $1 billion in average annual earnings, and certain foreign-parented multinational corporations with at least $100 million in average annual earnings, determined over a three-year period. For this purpose, adjusted financial statement income is not reduced for interest earned on tax-exempt obligations. Prospective holders of the Bonds that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Bonds.

Cybersecurity

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Bonds is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Internal Revenue Code (the “Code”). Bond Counsel observes interest on the Bonds that is included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax under Section 55 of the Code. Bond Counsel’s opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance of the Bonds. Such opinion will state that interest on the Bonds is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including The City of New York).

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

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

1. The requirement that the proceeds of the Bonds be used in a manner so that the Bonds are not obligations which meet the definition of a "private activity bond" within the meaning of Code Section 141;

2. The requirements contained in Code Section 148 relating to arbitrage bonds; and

3. The requirements that payment of principal or interest on the Bonds not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

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

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

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a note before maturity within the United States. Backup withholding may apply to a holder of the Bonds under Code Section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Bonds from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Bonds or the tax consequences of ownership of the Bonds. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the legal opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. Such legal opinion will state that in the opinion of Bond Counsel (i) the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District and, unless paid from other sources, are payable as to principal and interest from *ad valorem* taxes levied upon all the taxable real property within the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); provided, however, that the enforceability (but not the validity) of the Bonds may be limited or otherwise affected by (a) any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies heretofore or hereafter enacted or (b) by the unavailability of equitable remedies or the application thereto of equitable principles; (ii) assuming that the District complies with certain requirements of the Code, interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York. Bond Counsel will express no opinion regarding other federal income tax consequences arising with respect to the Bonds.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Bonds has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the District, together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Bonds as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Bonds, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

LITIGATION

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

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

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule"), unless the Bonds are purchased for the purchaser's own account, as principal for investment and not for resale, the District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as "Appendix C". A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Bonds as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the rule applies.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

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

Historical Compliance

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

However, the District failed to provide annual financial information consisting of its Audited Financial Statements for fiscal year ending June 30, 2021 and Annual Financial Information and Operating Data ("AFIOD") for fiscal year ending June 30, 2021, within six months of the close of the succeeding fiscal year. The Audited Financial Statement and AFIOD for the fiscal year ending June 30, 2021 were due to be posted to the MSRB's EMMA System on December 31, 2021. The District's Audited Financial Statements and AFIOD for the fiscal year ended June 30, 2021 were filed to EMMA on January 28, 2022. A failure to file notice was also filed on January 28, 2022 due to the late filing.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a municipal advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Bonds.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the District; provided, however, the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATING

The Bonds are not rated. The purchaser(s) of the Bonds may choose to request that a rating be assigned after the sale pending the approval of the District and applicable rating agency, and at the expense of the purchaser(s), including any rating agency and other fees to be incurred by the District, as such rating action may result in a material event notice to be posted to EMMA and/or the provision of a Supplement to the final Official Statement.

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned its underlying rating of “A+, stable outlook” to the District’s outstanding bonds. A rating reflects only the view of the rating agency assigning such rating, and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

Moody's Investors Service, Inc. (“Moody's”) has assigned its underlying rating of “A2” no outlook to the District’s outstanding bonds. A rating reflects only the view of the rating agency assigning such rating, and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

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MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate," "estimate," "expect," "objective," "projection," "forecast," "goal," or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

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

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

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

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

The District's contact information is as follows: Donna Howard, School Business Executive, 31 N. Main Street, Franklinville, New York 14737, Phone: (716) 676-8028, Email: dlhoward@tbafcs.org.

Additional copies of the Notice of Private Competitive Bond Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

FRANKLINVILLE CENTRAL SCHOOL DISTRICT

Dated: January 31, 2025

MARK SLAVINSKI
PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2020	2021	2022	2023	2024
ASSETS					
Unrestricted Cash	$ 3,229,113	$ 2,261,785	$ 2,469,617	$ 2,888,694	$ 3,880,653
Restricted Cash	3,310,202	4,326,737	5,828,080	7,286,802	7,889,127
Accounts Receivable	-	-	-	-	30,922
Due from Other Funds	973,576	1,959,940	1,997,214	1,610,578	1,397,997
State and Federal Aid Receivable	230,660	461,205	348,049	411,456	289,340
Due from Other Governments	35,551	7,742	4,290	138,324	5,720
Prepaid expense	320	320	320	-	-
TOTAL ASSETS	$ 7,779,422	$ 9,017,729	$ 10,647,570	$ 12,335,854	$ 13,493,759
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 246,312	$ 268,228	$ 227,083	$ 112,913	$ 131,624
Accrued Liabilities	12,692	149,058	147,461	66,297	69,224
Due to Other Governments	-	-	-	172,062	-
Due to Other Funds	47,721	106,043	106,784	-	163,508
Due to Teachers' Retirement System	537,869	586,859	587,224	639,209	640,119
Due to Employees' Retirement System	71,527	112,192	76,514	92,878	113,911
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	$ 916,121	$ 1,222,380	$ 1,145,066	$ 1,083,359	$ 1,118,386
FUND EQUITY					
Nonspendable	$ 320	$ 320	$ 320	$ -	$ -
Restricted	3,310,202	4,326,737	5,828,080	7,286,802	7,889,127
Assigned	545,212	350,259	625,408	1,222,665	2,110,611
Unassigned	3,007,567	3,118,033	3,048,696	2,743,028	2,375,635
TOTAL FUND EQUITY	$ 6,863,301	$ 7,795,349	$ 9,502,504	$ 11,252,495	$ 12,375,373
TOTAL LIABILITIES and FUND EQUITY	$ 7,779,422	$ 9,017,729	$ 10,647,570	$ 12,335,854	$ 13,493,759

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2019	2020	2021	2022	2023
REVENUES					
Real Property Taxes	$ 3,495,946	$ 4,310,484	$ 4,308,147	$ 4,311,288	$ 4,310,891
Real Property Tax Items	815,072	-	-		-
Charges for Services	29,251	16,365	12,870	25,298	26,230
Use of Money & Property	86,592	109,228	82,179	97,350	204,602
Sale of Property and Compensation for Loss	12,083	12,083	25,839	17,446	4,036
Miscellaneous	517,332	447,821	388,883	314,652	463,099
Revenues from State Sources	14,061,323	14,074,153	13,868,466	14,663,428	15,284,159
Revenues from Federal Sources	74,501	155,423	403,638	163,461	160,159
Total Revenues	$ 19,092,100	$ 19,125,557	$ 19,090,022	$ 19,592,923	$ 20,453,176
Other Sources:					
Transfers from Other Funds	-	-	-	-	-
Total Revenues and Other Sources	$ 19,092,100	$ 19,125,557	$ 19,090,022	$ 19,592,923	$ 20,453,176
EXPENDITURES					
General Support	$ 2,585,596	$ 2,457,404	$ 2,640,026	$ 2,941,638	$ 3,147,533
Instruction	10,184,419	9,895,515	9,745,925	9,061,727	9,327,274
Pupil Transportation	1,099,647	1,080,390	1,037,441	1,178,249	1,186,514
Community Services	-	-	-	-	6,019
Employee Benefits	3,386,237	3,182,495	3,191,150	2,997,976	2,933,001
Debt Service	-	-	-		-
Total Expenditures	$ 17,255,899	$ 16,615,804	$ 16,614,542	$ 16,179,590	$ 16,600,341
Excess (Deficit) Revenues Over Expenditures	1,836,201	2,509,753	2,475,480	3,413,333	3,852,835
Other Financing Sources (Uses):					
Transfers to Other Funds	1,560,214	1,536,430	1,543,432	1,706,178	2,102,844
Total Other Financing Sources (Uses)	1,560,214	1,536,430	1,543,432	1,706,178	2,102,844
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	275,987	973,323	932,048	1,707,155	1,749,991
FUND BALANCE					
Fund Balance - Beginning of Year	5,613,991	5,889,978	6,863,301	7,795,349	9,502,504
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 5,889,978	$ 6,863,301	$ 7,795,349	$ 9,502,504	$ 11,252,495

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2024 Adopted Budget	2024 Final Budget	2024 Actual	2025 Adopted Budget
REVENUES				
Real Property Taxes	$ 4,383,310	$ 4,383,310	$ 4,376,052	$ 4,466,374
Real Property Tax Items	-	-	-	-
Charges for Services	11,000	11,000	43,168	21,000
Use of Money & Property	94,500	94,500	573,965	122,000
Sale of Property and Compensation for Loss	6,000	6,000	37,266	6,000
Miscellaneous	237,500	237,500	530,733	237,500
Revenues from State Sources	15,765,581	15,765,581	15,719,547	16,145,750
Revenues from Federal Sources	100,000	100,000	163,652	120,000
Total Revenues	$ 20,597,891	$ 20,597,891	$ 21,444,383	$ 21,118,624
Other Sources:				
Appropriated Fund Equity	1,222,665	1,222,665	-	2,017,213
Transfers from Other Funds	-	-	-	-
Total Revenues and Other Sources	$ 21,820,556	$ 21,820,556	$ 21,444,383	$ 23,135,837
EXPENDITURES				
General Support	$ 2,947,361	$ 3,193,182	$ 3,153,345	$ 3,062,064
Instruction	11,285,332	11,140,917	10,664,415	11,831,043
Pupil Transportation	1,280,277	1,406,369	1,034,471	1,522,092
Community Services	-	-	-	-
Employee Benefits	4,163,430	3,935,932	3,369,207	4,575,725
Debt Service	-	-	-	-
Total Expenditures	$ 19,676,400	$ 19,676,400	$ 18,221,438	$ 20,990,924
Excess (Deficit) Revenues Over Expenditures	921,491	921,491	3,222,945	127,700
Other Financing Sources (Uses):				
Transfers to Other Funds	2,144,156	2,144,156	2,100,067	2,144,913
Total Other Financing Sources (Uses)	2,144,156	2,144,156	2,100,067	2,144,913
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	-	-	1,122,878	-
FUND BALANCE				
Fund Balance - Beginning of Year	-	-	11,252,495	-
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 12,375,373	$ -

Source: Audited financial report and budgets (unaudited) of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	$ 1,535,000	$ 286,913	$ 1,821,913
2026	1,580,000	242,438	1,822,438
2027	375,000	193,050	568,050
2028	350,000	176,100	526,100
2029	365,000	159,538	524,538
2030	330,000	142,250	472,250
2031	345,000	125,750	470,750
2032	360,000	108,500	468,500
2033	380,000	90,500	470,500
2034	400,000	71,500	471,500
2035	420,000	51,500	471,500
2036	440,000	30,500	470,500
2037	170,000	8,500	178,500
TOTALS	$ 7,050,000	$ 1,687,038	$ 8,737,038

Note: Totals do not include outstanding Energy Perfomace Contract (EPC) indebtedness of the District.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2014 Various Capital Improvements			2015 Various Capital Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2025	$ 390,000	$ 29,750	$ 419,750	$ 890,000	$ 43,913	$ 933,913
2026	400,000	18,050	418,050	910,000	23,888	933,888
2027	90,000	6,050	96,050	-	-	-
2028	50,000	3,350	53,350	-	-	-
2029	55,000	1,788	56,788	-	-	-
TOTALS	$ 985,000	$ 58,988	$ 1,043,988	$ 1,800,000	$ 67,800	$ 1,867,800

Fiscal Year Ending June 30th	2022A Various Capital Improvements		
	Principal	Interest	Total
2025	$ 255,000	$ 213,250	$ 468,250
2026	270,000	200,500.00	470,500
2027	285,000	187,000.00	472,000
2028	300,000	172,750.00	472,750
2029	310,000	157,750.00	467,750
2030	330,000	142,250.00	472,250
2031	345,000	125,750.00	470,750
2032	360,000	108,500.00	468,500
2033	380,000	90,500.00	470,500
2034	400,000	71,500.00	471,500
2035	420,000	51,500.00	471,500
2036	440,000	30,500.00	470,500
2037	170,000	8,500.00	178,500
TOTALS	$ 4,265,000	$ 1,560,250	$ 5,825,250

DISCLOSURE UNDERTAKING

This continuing disclosure undertaking (the "Disclosure Undertaking") is executed and delivered by the Franklinville Central School District, Cattaraugus County, New York (the "Issuer") in connection with the issuance of its [$1,000,000] School District Serial Bonds, 2025 (such Bonds, including any interests therein, being collectively referred to herein as the "Security"). The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB):

(i) no later than the following March 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2025, the Annual Financial Information relating to such fiscal year, unless Audited Financial Statements are prepared, in which case the Annual Financial Information will be provided on or prior to the following March 31 after the end of each fiscal year or within 60 days following receipt by the Issuer of Audited Financial Statements (whichever is later) (the "Report Date"), but in no event later than one year after the end of each fiscal year;

(ii) if not provided as part of the Annual Financial Information, Audited Financial Statements within 60 days of their receipt, but in no event later than one year after the end of each fiscal year;

(iii) in a timely manner (not in excess of ten business days after the occurrence of any such event), notice of any of the following events with respect to the Security:

(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 or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;

(7) Modifications to rights of Security Holders, if material;

(8) Bond (or Note) calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Security, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority 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.

(iv) in a timely manner (not in excess of ten business days after the occurrence of such event), notice of a failure to provide by the date set forth in Section 1(a)(i) hereof any Annual Financial Information required by Section 3 hereof.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. 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 pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a)(ii) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions

"Annual Financial Information" means the information specified in Section 3 hereof.

"Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of New York.

"EMMA" means the Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States.

"GASB" means the Governmental Accounting Standards Board, or any successor thereto.

"MSRB" means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

"Purchaser" means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

"Rule 15c2-12" means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof issued either before or after the effective date of this Disclosure Undertaking which are applicable to this Disclosure Undertaking.

"Security Holder" means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Annual Financial Information. (a) The required Annual Financial Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in Appendix A and Appendix B of the Issuer's final official statement relating to the Security; which Annual Financial Information may, but it is not required to, include audited financial statements.

(b) All or any portion of the Annual Financial Information may be incorporated in the Annual Financial Information by cross reference to any other documents which are (i) available to the public on EMMA or (ii) filed with the Securities and Exchange Commission. If such a document is a final official statement, it must be available on EMMA.

(c) Annual Financial Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 6(f) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure 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 Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure 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 Disclosure Undertaking shall not constitute an event of default on the Security.

Section 5. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 6. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

(a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking 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 Security Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to adjust the Report Date if the Issuer changes its fiscal year; provided that such new date shall be within nine months after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration;

(f) to modify the contents, presentation and format of the Annual Financial Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

(g) 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 Disclosure 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 6 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 7. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security 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 EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 8. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 9. Governing Law. This Disclosure 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, I have hereunto set my signature and affixed the seal of the Issuer as of [February 20, 2025].

FRANKLINVILLE CENTRAL SCHOOL DISTRICT
CATTARAUGUS COUNTY, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk

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FRANKLINVILLE CENTRAL SCHOOL DISTRICT
CATTARAUGUS COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2024

The Audited Financial Statements, including opinion, were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

FRANKLINVILLE CENTRAL SCHOOL DISTRICT

AUDIT REPORTING PACKAGE

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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2024 REPORTING PACKAGE

FRANKLINVILLE CENTRAL SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2024

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

FRANKLINVILLE CENTRAL SCHOOL DISTRICT

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the President and Members of
The Board of Education
Franklinville Central School District
Franklinville, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of ***Franklinville Central School District*** as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise ***Franklinville Central School District's*** basic financial statements as listed in the table of contents. We have also audited the fiduciary fund types of the ***Franklinville Central School District*** as of June 30, 2024, as displayed in the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the ***Franklinville Central School District***, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the ***Franklinville Central School District*** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Report on Summarized Comparative Information

We have previously audited the ***Franklinville Central School District's*** June 30, 2023 financial statements, and our report dated September 21, 2023, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ***Franklinville Central School District's*** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ***Franklinville Central School District's*** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ***Franklinville Central School District's*** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-9) and budgetary comparison information (pages 38-39) schedule of changes in District's net OPEB liability and related ratios (page 45), schedule of District contributions – OPEB (page 46), schedule of the District contributions for defined benefit pension plans (page 47) and the schedule of the District's proportionate share of the net pension asset/liability (page 48) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***Franklinville Central School District's*** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2024, on our consideration of the ***Franklinville Central School District's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ***Franklinville Central School District's*** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ***Franklinville Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Olean, New York
September 19, 2024

I. Discussion and Analysis

The following is a discussion and analysis of the ***Franklinville Central School District's*** financial performance for the year ended June 30, 2024. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the ***Franklinville Central School District*** during the fiscal year ended June 30, 2024:

- Overall net position of the District increased from operations during the current year in the amount of $1,540,000 as compared to an increase of $3,353,000 during the prior fiscal year.
- The District's total revenue increased 4% from $22,912,000 during June 30, 2023 to $23,760,000 during June 30, 2024. This increase was related to an increase in state aid and interest earned, which was partially offset by a decrease in Federal Pandemic related funding.
- The District's total expenses increased approximately 14% from $19,559,000 during the year ended June 30, 2023 to $22,220,000 during the year ended June 30, 2024. This increase was primarily the result of an increase in pension and OPEB expense related to actuarial updates in the current year, along with increases in salaries, health insurance costs, depreciation and BOCES expenses.
- The District's had capital outlays during the current year in the amount of approximately $283,000, which primarily related to its capital outlay project and right-to-use technology equipment.

III. Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of ***Franklinville Central School District***.

III. Overview of the Financial Statements (continued)

A. *Reporting the School District as a Whole (District-wide Financial Statements)*:

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net Position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements) (continued):

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

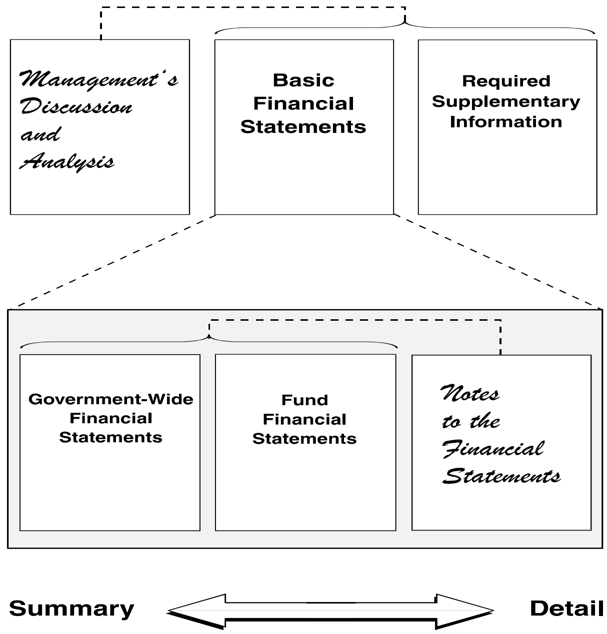
2. Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship funds. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Funds used to account for resources held for the benefit of parties outside the District
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately $31,560,000. The components of net position include: invested in capital assets and right-to-use assets, net of related debt, of $26,909,000; restricted net position of $8,100,000; and unrestricted net deficit of $3,449,000 as of June 30, 2024.

Changes in Net Position

The District's total government-wide revenue increased by approximately 4% to $23,760,000. Approximately 18%, 9% and 67% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 6% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 14% to $22,220,000. The District's expenses cover a range of services, with 73% related to instruction and 17% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 4%, while total expenses increased 14%. The District's total net position increased approximately $1,540,000 or 5% from operations during the fiscal year ended June 30, 2024.

Figure A-5 presents the major sources of revenue of the District. Revenue of the District totaled $23,760,000 for the fiscal year ended June 30, 2024. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue, which represents approximately 18% of the District's total revenue for governmental activities, increased approximately 2% during the year ended June 30, 2024 as there was an increase in the tax levy.

- The District's most significant revenue is state sources which represent $15,720,000 or 67% of total governmental revenue. The District's state sources increased approximately 3% which was primarily related to an increase in foundation aid and BOCES aid.

- During the year ended June 30, 2024, the District saw a decrease in program revenue which mostly resulted from a decrease in operating grants and contributions of $221,000 together with an increase in charges for services in the amount of $16,000. The decrease in operating grants and contributions was related to a decrease in Federal Pandemic related grants in the current year. This decrease was partially offset by a an increase in state reimbursement of meals in the food service program.

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's largest expenditure-types, which include; general support, instruction, transportation and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were $22,220,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately $159,000 or 4% which was primarily related to increases in contractual, health insurance and BOCES expenses, along with an increase in pension and OPEB expense due to actuarial updates.

- The District's instruction costs increased by approximately $2,348,000 or 17%. This increase was primarily related to increases in salaries, health insurance, materials and supplies, BOCES expenses and depreciation, along with increases in pension and OPEB expense due to actuarial updates.

- Debt service of the District decreased approximately $87,000 during the year ended June 30, 2024, which primarily resulted from a decrease in interest expense.

- Transportation costs of the District increased 17% or $218,000 during the year ended June 30, 2024 as a result of increases in BOCES, health insurance and contractual expenses.

- The District's cost of sales (food service fund) totaled $590,000 during the current year as compared to $561,000 during the fiscal year ended June 30, 2023. This increase was related to an increase in food costs.

- The District received approximately $2,143,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.

- Most of the Districts net costs ($20.1 million) were financed by state aid and real property taxes.

Figure A-3 – Condensed Statement of Net Position

Franklinville Central School District
Condensed Statement of Net Position (in thousands of dollars)

	Governmental Activities and Total District-wide		
	2024	2023	% Change
Assets			
Current and other assets	$ 13,875	$ 12,683	9%
Capital assets and right-to-use assets, net	35,553	37,053	-4%
Total assets	49,428	49,736	-1%
Deferred outflows of resources			
Deferred outflows related to pensions and OPEB	4,682	6,241	-25%
Total deferred outflows of resources and assets	**$ 54,110**	**$ 55,977**	**-3%**
Liabilities			
Other liabilities	$ 1,006	$ 943	7%
Long-term liabilities	17,451	19,970	-13%
Total liabilities	18,457	20,913	-12%
Deferred inflows of resources			
Deferred inows related to pensions and OPEB	4,093	5,043	-19%
Deferred inflows of resources and liabilities	22,550	25,956	-13%
Net position			
Net investment in capital assets and right-to-use assets, net of related debt	26,909	26,704	1%
Restricted	8,100	7,530	8%
Unrestricted	(3,449)	(4,213)	-18%
Total net position	31,560	30,021	5%
Total liabilities, deferred inflows of resources, and net position	**$ 54,110**	**$ 55,977**	**-3%**

Figure A-4 – Changes in Net Position

Franklinville Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)

	Governmental Activities and Total District-wide		
	2024	2023	% Change
Revenue			
Program revenue			
Charges for services	$ 98	$ 82	20%
Operating grants and contributions	2,045	2,266	-10%
General revenue			
Real property taxes	4,376	4,311	2%
Use of money & property	590	225	162%
Sale of property & comp for loss	37	(94)	-140%
State sources	15,720	15,284	3%
Federal sources	164	160	2%
Miscellaneous	730	678	8%
Total revenue	23,760	22,912	4%
Expenses			
General support	3,802	3,643	4%
Instruction	16,017	13,669	17%
Transportation	1,497	1,279	17%
Community services	-	6	100%
Debt service - interest	314	401	-22%
Cost of sales	590	561	5%
Total expenses	22,220	19,559	14%
Change in net postion	**$ 1,540**	**$ 3,353**	

Figure A-5 – Sources of Revenue

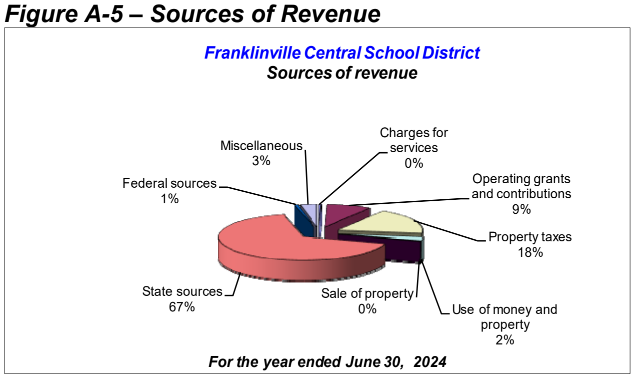


Figure A-6 - Expenses

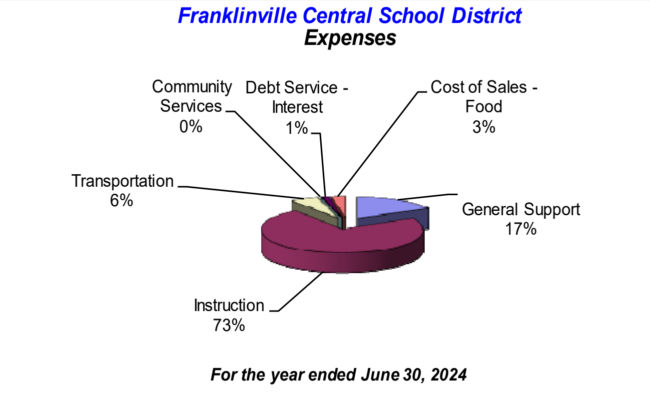


Figure A-7 – Expenditures Supported with Program Revenue

Franklinville Central School District
Expenditures supported with program revenue (in thousands of dollars)

	Governmental Activites & Total District			
	2024		2023	
Expenditures supported with general revenue (from taxes & other sources)	$ 20,077	90%	$ 17,211	88%
Expenditures supported with program revenue	2,143	10%	2,348	12%
Total expenditures related to governmental activities	**$ 22,220**	**100%**	**$ 19,559**	**100%**

Figure A-8 – Net Cost of Governmental Activities

Franklinvill Central School District
Net Cost of Governmental Activities (in thousands of dollars)

	Total cost of services			Net cost of services		
	2024	2023	Change	2024	2023	Change
General support	$ 3,802	$ 3,643	$ 159	$ 3,802	$ 3,643	$ 159
Instruction	16,017	13,669	2,348	14,518	11,883	2,635
Transportation	1,497	1,279	218	1,481	1,266	215
Community Services	-	6	(6)	-	6	(6)
Debt service - interest	314	401	(87)	314	401	(87)
Cost of sales - food	590	561	29	(38)	12	(50)
Total	**$ 22,220**	**$ 19,559**	**$ 2,661**	**$ 20,077**	**$ 17,211**	**$ 2,866**

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term

V. Financial Analysis of the School District's Funds (continued)

Debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund revenue exceeded its expenditures by approximately $1,123,000.
- The District's general fund unassigned fund balance equated to approximately $2,376,000 as of June 30, 2024.
- The District established many fund balance reserves during the year ended June 30, 2024, and had a total restricted fund balance approximated $7,889,000.
- The District's total assets increased approximately $1,158,000 as of June 30, 2024 primarily as the result of an increase in cash. The District's liabilities increased approximately $35,000, as a result of an increase in due to ERS.
- Total revenue in the District's general fund increased $991,000, which was primarily related to an increase in State aid and interest earned. Total expenditures in the District's general fund increased $1,618,000 primarily as a result of increases in salaries, health insurance costs and BOCES expenditures.

Food Service Fund

- The District's food service fund experienced a $41,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was $628,000 during 2024 as compared with $558,000 in 2023. Expenditures increased approximately $29,000 as compared to the prior year. In the current year, NYS Education Department reimbursed schools participating in the Community Eligibility Provision (CEP) Program for meals served that were not reimbursed by the Federal government.

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately $282,000 or 13% which was primarily related to Federal sources from a decrease in Pandemic related grants received and expended during the current year.

Capital Projects Fund

- The District had expenditures in the amount of $78,000 in capital projects during the year ended June 30, 2024, related to the current year capital outlay project.

VI. General Fund Budgetary Highlights

Over the course of the year, the District makes many budget transfers, which is the common method utilized to manage the budget throughout the year. Actual expenditures were approximately $1,499,000 below the revised budget. The most significant variance was in the area of instruction, transportation and employee benefits which totaled $477,000, $372,000 and $567,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately $846,000 above the final budgeted amount. Significant variance of revenue items consisted of local sources which were approximately $828,000 above what was budgeted.

Figure A-9 – Budget vs. Actual Comparison

Franklinville Central School District
General Fund - Budget vs Actual Comparison (in thousands of dollars)

	Revised Budget	Actual	Difference	%
Revenue				
Local sources	$ 4,732	$ 5,560	$ 828	17%
State sources	15,766	15,720	(46)	0%
Federal sources	100	164	64	64%
Total revenue	**$ 20,598**	**$ 21,444**	**$ 846**	**4%**
Expenditures				
General support	$ 3,193	$ 3,154	$ 39	1%
Instruction	11,142	10,665	477	4%
Transportation	1,406	1,034	372	26%
Employee benefits	3,936	3,369	567	14%
Operating transfers	2,144	2,100	44	2%
Total expenditures	**$ 21,821**	**$ 20,322**	**$ 1,499**	**7%**

VII. Capital Assets, Right-to-Use Assets and Debt Administration

Capital and Right-to-use Assets

As depicted in Figure A-10, as of June 30, 2024, the District had invested approximately $35,553,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles, computer equipment, and other equipment. Additions made during the year ended June 30, 2024, totaled approximately $283,000 and consisted primarily of the costs associated with the District's capital outlay project, vehicle purchases and right-to-use technology equipment. More detailed information about the District's capital assets and right-to-use assets is presented in the notes of the financial statements.

VII. Capital Assets and Right-to-use Assets Debt Administration (continued)

Long-term Debt

As depicted in Figure A-11, as of June 30, 2024, the District had approximately $17,451,000 in bonds, net pension liability, other post-employment benefits and compensated absences, a decrease of approximately $2,519,000 as compared with the previous year. The decrease in bonds payable was the result of the District making regularly scheduled payments. Other post-employment benefits decreased as a result of a new actuarial update. The District's net pension liability to NYS Employees' Retirement System and NYS Teacher's Retirement System both decreased in the current year.

Figure A-10 – Capital and Right-to-Use Assets

Franklinville Central School District
Capital assets and right-to-use assets, net

	Governmental Activities & Total District-wide		
	2024	2023	Change
Land	$ 984,617	$ 984,617	0%
Buildings	50,595,958	50,518,251	0%
Equipment	4,869,187	4,934,777	-1%
Accumulated depreciation/amortization	(20,896,924)	(19,384,955)	8%
Total capital and right-to-use ssets, net	**$ 35,552,838**	**$ 37,052,690**	**-4%**

Figure A-11 – Outstanding Long-term Debt

Franklinville Central School District
Outstanding Long-Term Debt and Liabilities

	Governmental Activities & Total District-wide		
	2024	2023	Change
Bonds payable	$ 7,360,332	$ 8,905,184	-17%
Energy performance contract	1,283,403	1,443,769	-11%
Net pension liabilities	1,477,250	2,316,470	100%
Other post-employment benefits	7,236,817	7,249,611	0%
Compensated absences	93,504	55,461	69%
Total Long-Term Liabilities	**$ 17,451,306**	**$ 19,970,495**	**-13%**

VIII. Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District is uncertain as to the level of Federal and State funding after the Pandemic.

- The 2024-25 New York State budget calls for the Rockefeller Institute to conduct a study to assess the State's Foundation Aid educational funding formula. Modifications to the formula could have an impact on future state aid that is distributed to the District.

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Franklinville Central School District
Attention: Ms. Donna Howard
Business Manager
31 Main Street
Franklinville, New York 14737

STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

	2024	2023
Assets		
Cash		
Unrestricted	$ 3,110,247	$ 3,712,033
Restricted cash	252,437	7,529,701
Investments		
Unrestricted	1,048,754	-
Restricted cash	7,847,774	-
Receivables		
State and federal aid	1,356,180	1,236,942
Other receivables	30,922	-
Due from other governments	5,720	138,324
Due from other funds	-	27,625
Inventories	22,848	28,199
Cash to be used towards capital project	200,651	10,621
Capital assets and right-to-use assets, net	35,552,838	37,052,690
Total assets	49,428,371	49,736,135
Deferred Outflows of Resources		
Deferred outflows related to pensions	3,510,541	4,568,673
Deferred outflows related to OPEB	1,171,295	1,671,970
Total assets and deferred outflows of resources	$ 54,110,207	$ 55,976,778
Liabilities		
Current liabilities		
Accounts payable	$ 159,947	$ 126,976
Accrued liabilities	71,141	66,349
Accrued interest	14,000	17,000
Due to retirement systems	754,030	732,087
Unearned revenue	6,837	944
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,535,000	1,500,000
Energy performance contract	164,209	160,366
Portion due or payable after one year		
Bonds payable	5,825,332	7,405,184
Energy performance contract	1,119,194	1,283,403
Net pension liabilities	1,477,250	2,316,470
Other post-employment benefits	7,236,817	7,249,611
Compensated absences	93,504	55,461
Total liabilities	18,457,261	20,913,851
Deferred Inflows of Resources		
Deferred inflows related to pensions	817,243	371,143
Deferred inflows related to OPEB	3,275,493	4,671,511
Total liabilities and deferred inflows of resources	22,549,997	25,956,505
Net Position		
Net investment in capital assets and right-to-use assets, net of related debt	26,909,103	26,703,737
Restricted	8,100,211	7,529,701
Unrestricted (deficit)	(3,449,104)	(4,213,165)
Total net position	31,560,210	30,020,273
Total liabilities, deferred inflows of resources and net position	$ 54,110,207	$ 55,976,778

	Expenses	Indirect Expenses Allocation	Program Revenues Charges for Services	Program Revenues Operating Grants	2024 Net (Expense) Revenue and Changes in Net Position	2023 Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	$ 3,537,101	$ 264,612	$ -	$ -	$ (3,801,713)	$ (3,643,086)
Instruction	14,707,983	1,310,215	43,168	1,456,299	(14,518,731)	(11,881,968)
Pupil transportation	1,291,552	205,261	-	15,861	(1,480,952)	(1,265,599)
Community services	-	-	-	-	-	(6,019)
Debt service	314,175	-	-	-	(314,175)	(401,146)
Food service program	586,594	2,941	54,866	572,709	38,040	(12,192)
Depreciation and amortization	1,783,029	(1,783,029)	-	-	-	-
Total functions and programs	$ 22,220,434	$ -	$ 98,034	$ 2,044,869	(20,077,531)	(17,210,010)
General Revenues						
Real property taxes					4,376,052	4,310,891
Use of money and property					590,400	225,035
Sale of equipment and compensation for loss					37,383	(94,018)
Miscellaneous					730,434	676,922
State sources					15,719,547	15,284,159
Federal sources					163,652	160,159
Total general revenues					21,617,468	20,563,148
Change in net position					1,539,937	3,353,138
Net position - beginning of year					30,020,273	26,667,135
Net position - end of year					$ 31,560,210	$ 30,020,273

FRANKLINVILLE CENTRAL SCHOOL DISTRICT

COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024

	Governmental Funds							
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	*2024* Total	*2023* (Memo only) Total
Assets								
Unrestricted cash	$ 2,831,899	$ 18,566	$ 147,765	$ -	$ -	$ 113,006	$ 3,111,236	$ 3,713,466
Restricted cash	191,757	-	-	59,691	200,651	-	452,099	7,538,889
Unrestricted investments	1,048,754	-	-	-	-	-	1,048,754	-
Rrestricted investments	7,697,370	-	-	150,404	-	-	7,847,774	-
Due from other funds	1,397,997	79,813	11,676	989	89,032	-	1,579,507	1,773,941
State and federal aid receivable	289,340	1,032,726	34,114	-	-	-	1,356,180	1,236,942
Other receivables	30,922	-	-	-	-	-	30,922	-
Due from other governments	5,720	-	-	-	-	-	5,720	138,324
Inventories	-	-	22,848	-	-	-	22,848	28,199
Total assets	$ 13,493,759	$ 1,131,105	$ 216,403	$ 211,084	$ 289,683	$ 113,006	$ 15,455,040	$ 14,429,761
Liabilities and Fund Equity								
Liabilities								
Accounts payable	$ 131,624	$ 23,884	$ 2,995	$ -	$ 1,444	$ -	$ 159,947	$ 126,976
Accrued liabilities	69,224	1,282	635	-	-	-	71,141	66,349
Due to other funds	163,508	1,100,852	26,908	-	288,239	-	1,579,507	1,746,316
Unearned revenue	-	5,087	1,750	-	-	-	6,837	944
Due to Teachers' Retirement System	640,119	-	-	-	-	-	640,119	639,209
Due to Employees' Retirement System	113,911	-	-	-	-	-	113,911	92,878
Total liabilities	1,118,386	1,131,105	32,288	-	289,683	-	2,571,462	2,672,672
Fund Equity								
Nonspendable	-	-	22,848	-	-	-	22,848	28,199
Restricted	7,889,127	-	-	211,084	-	-	8,100,211	7,529,701
Commited	-	-	-	-	-	113,006	113,006	118,561
Assigned	2,110,611	-	161,267	-	-	-	2,271,878	1,337,600
Unassigned	2,375,635	-	-	-	-	-	2,375,635	2,743,028
Total fund equity	12,375,373	-	184,115	211,084	-	113,006	12,883,578	11,757,089
Total liabilities and fund equity	$ 13,493,759	$ 1,131,105	$ 216,403	$ 211,084	$ 289,683	$ 113,006	$ 15,455,040	$ 14,429,761

See accompanying independent auditor's report and notes to financial statements.

FRANKLINVILLE CENTRAL SCHOOL DISTRICT

Schedule 4

COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Governmental Funds							
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	*2024* Total	*2023* (Memo only) Total
Revenue								
Real property taxes	$ 4,376,052	$ -	$ -	$ -	$ -	$ -	$ 4,376,052	$ 4,310,891
Charges for services	43,168	-	-	-	-	-	43,168	26,230
Use of money and property	573,965	-	1,867	16,422	-	13	592,267	225,973
Sale of property compensation for loss	37,266	-	-	-	-	-	37,266	4,036
Miscellaneous	530,733	10,890	424	-	-	188,811	730,858	680,284
State sources	15,719,547	485,946	114,294	-	-	-	16,319,787	15,747,251
Federal sources	163,652	1,296,542	425,711	-	-	-	1,885,905	2,209,386
Surplus food	-	-	32,704	-	-	-	32,704	50,017
Sales (school food service)	-	-	52,575	-	-	-	52,575	51,769
Total revenue	21,444,383	1,793,378	627,575	16,422	-	188,824	24,070,582	23,305,837
Expenditures								
General support	3,153,345	-	252,139	-	-	-	3,405,484	3,399,540
Instruction	10,664,415	1,514,721	-	-	-	194,379	12,373,515	11,330,907
Pupil transportation	1,034,471	16,533	-	-	-	-	1,051,004	1,199,717
Community services	-	-	-	-	-	-	-	6,019
Employee benefits	3,369,207	310,328	45,610	-	-	-	3,725,145	3,270,529
Debt service								
Principal	-	-	-	1,660,366	-	-	1,660,366	1,526,614
Interest	-	-	-	362,027	-	-	362,027	468,135
Capital outlay	-	-	-	-	77,707	-	77,707	100,000
Cost of sales	-	-	268,741	-	-	-	268,741	245,174
Other expenses	-	-	20,104	-	-	-	20,104	19,368
Total expenditures	18,221,438	1,841,582	586,594	2,022,393	77,707	194,379	22,944,093	21,566,003
Excess (deficiency) of revenue over expenditures	3,222,945	(48,204)	40,981	(2,005,971)	(77,707)	(5,555)	1,126,489	1,739,834
Other sources and uses								
Operating transfers in	-	48,204	-	1,974,156	77,707	-	2,100,067	2,102,844
Operating transfers out	(2,100,067)	-	-	-	-	-	(2,100,067)	(2,102,844)
Total other sources (uses)	(2,100,067)	48,204	-	1,974,156	77,707	-	-	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	1,122,878	-	40,981	(31,815)	-	(5,555)	1,126,489	1,739,834
Fund equity, beginning of year	11,252,495	-	143,134	242,899	-	118,561	11,757,089	10,017,255
Fund equity, end of year	$ 12,375,373	$ -	$ 184,115	$ 211,084	$ -	$ 113,006	$ 12,883,578	$ 11,757,089

STATEMENT OF FIDUCIARY NET POSITION – PRIVATE PURPOSE TRUSTS
AS OF JUNE 30, 2024

	6/30/24	6/30/23
Assets		
Cash	$ 57,056	$ 83,982
Investments	268,872	252,384
Due from other funds	-	20
Total assets	$ 325,928	$ 336,386
Liabilities		
Due to other funds	$ -	$ 27,645
Total liabilities	-	27,645
Net position		
Reserved for scholarships	325,928	308,741
Total liabilities and net position	$ 325,928	$ 336,386

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-PRIVATE PURPOSE TRUSTS
FOR THE YEAR ENDED JUNE 30, 2024

	6/30/2024	6/30/2023
Additions		
Gifts and contributions	$ 29,175	$ 26,870
Investment earnings	26,220	14,500
Total additions	55,395	41,370
Deductions		
Other expenses	3,918	-
Scholarships awarded	34,290	27,646
Total deductions	38,208	27,646
Change in net position	17,187	13,724
Net position - beginning of year	308,741	295,017
Net position - end of year	$ 325,928	$ 308,741

FRANKLINVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AS OF JUNE 30, 2024

Total fund balances - governmental funds		$ 12,883,578
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets and right-to-use assets consist of the following at year-end:		
Cost of the assets	$ 56,449,762	
Accumulated depreciation/amortization	(20,896,924)	35,552,838
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(14,000)
Net deferred outflows/inflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions.		2,693,298
Net deferred inflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, OPEB expense is based on requried contributions.		(2,104,198)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable	(7,360,332)	
Energy performance contract	(1,283,403)	
Net pension liabilities	(1,477,250)	
Other post-employment benefits	(7,236,817)	
Compensated absences	(93,504)	(17,451,306)
Total net position - governmental activities		$ 31,560,210

See accompanying independent auditor’s report and notes to financial statements.

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash and investments	$ 12,459,863	$ -	$ -	$ (200,651)	$ 12,259,212
Due from other funds	1,579,507	-	-	(1,579,507)	-
State and federal aid receivable	1,356,180	-	-	-	1,356,180
Other receivables	30,922	-	-	-	30,922
Due from other governments	5,720	-	-	-	5,720
Inventories	22,848	-	-	-	22,848
Cash to be used for capital projects	-	-	-	200,651	200,651
Capital assets and right-to-use assets, net	-	35,552,838	-	-	35,552,838
Total assets	15,455,040	35,552,838	-	(1,579,507)	49,428,371
Deferred Outflows of Resources					
Deferred outflows related to pensions and OPEB	-	4,681,836	-	-	4,681,836
Total assets and deferred outflows of resources	$ 15,455,040	$ 40,234,674	$ -	$ (1,579,507)	$ 54,110,207
Liabilities, Deferred Inflows of Resources and Fund Equity					
Liabilities					
Accounts payable	$ 159,947	$ -	$ -	$ -	$ 159,947
Accrued liabilities	71,141	-	-	-	71,141
Accrued interest	-	-	14,000	-	14,000
Due to other funds	1,579,507	-	-	(1,579,507)	-
Unearned revenue	6,837	-	-	-	6,837
Due to retirement systems	754,030	-	-	-	754,030
Bonds payable	-	-	7,360,332	-	7,360,332
Energy performance contract	-	-	1,283,403	-	1,283,403
Net pension liabilities	-	-	1,477,250	-	1,477,250
Other post-employment benefits	-	-	7,236,817	-	7,236,817
Compensated absences	-	-	93,504	-	93,504
Total liabilities	2,571,462	-	17,465,306	(1,579,507)	18,457,261
Deferred Inflows of Resources					
Deferred inflows related to pensions and OPEB	-	-	4,092,736	-	4,092,736
Total liabilities and deferred inflows of resources	2,571,462	-	21,558,042	(1,579,507)	22,549,997
Fund equity and net position	12,883,578	40,234,674	(21,558,042)	-	31,560,210
Total liabilities, deferred inflows of resources and fund equity/net position	$ 15,455,040	$ 40,234,674	$ -	$ (1,579,507)	$ 54,110,207

FRANKLINVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Total net change in fund balances - governmental funds		$ 1,126,489
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. Activity for the current fiscal year ended was as follows:		
Capital outlays	$ 283,060	
Depreciation and amortization expense	(1,783,029)	(1,499,969)
Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported.		117
Repayment of bond principal is an expenditure the governmental funds but the repayment reduces long-term liabilities in the statement of net position.		1,660,366
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		47,852
District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.		(665,012)
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds, OPEB expense is based on the District's contribution to the OPEB plan.		908,137
In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		(38,043)
Change in net position of governmental activities		$ 1,539,937

See accompanying independent auditor's report and notes to financial statements.

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	$ 4,376,052	$ -	$ -	$ -	$ 4,376,052
Charges for services	43,168	-	-	(43,168)	-
Use of money and property	592,267	-	-	(1,867)	590,400
Sale of property compensation for loss	37,266	117	-	-	37,383
Miscellaneous	730,858	-	-	(424)	730,434
State sources	16,319,787	-	-	(600,240)	15,719,547
Federal sources	1,885,905	-	-	(1,722,253)	163,652
Surplus food	32,704	-	-	(32,704)	-
Sales (school food service)	52,575	-	-	(52,575)	-
Total revenue	24,070,582	117	-	(2,453,231)	21,617,468
Expenditures					
General support	3,405,484	253,818	-	142,411	3,801,713
Instruction	12,373,515	1,115,656	38,043	991,517	14,518,731
Pupil transportation	1,051,004	205,261	-	224,687	1,480,952
Employee benefits	3,725,145	-	(243,125)	(3,482,020)	-
Debt service	2,022,393	-	(1,708,218)	-	314,175
Capital outlay	77,707	(77,707)	-	-	-
Cost of sales	268,741	2,941	-	(309,722)	(38,040)
Other expenses	20,104	-	-	(20,104)	-
Total expenditures	22,944,093	1,499,969	(1,913,300)	(2,453,231)	20,077,531
Excess (deficiency) of revenue over expenditures	1,126,489	(1,499,852)	1,913,300	-	1,539,937
Other sources and uses					
Operating transfers in	2,100,067	-	-	(2,100,067)	-
Operating transfers out	(2,100,067)	-	-	2,100,067	-
Total other sources and uses	-	-	-	-	-
Net change for year	$ 1,126,489	$ (1,499,852)	$ 1,913,300	$ -	$ 1,539,937

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the ***Franklinville Central School District*** have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the ***Franklinville Central School District*** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds and has adopted the guidance prescribed by the New York State Education Department for safeguarding, accounting and auditing of extraclassroom activity funds. As a result, these funds do not meet the criteria required to be reported as fiduciary funds and are now being reported in a governmental fund. The cash and investment balances as well as revenues and expenditures are now reported in a miscellaneous special revenue fund of the District. Under previous guidance the cash and investment balances were reported as agency funds. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The ***Franklinville Central School District*** is one of 22 component school districts in the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed approximately $5,358,000 for BOCES administration and program costs. The District's share of BOCES aid, rentals, and refunds amounted to $2,288,000 for the year ended June 30, 2024. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

C. Basis of Presentation

1. District-wide Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants that are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service – is used to account for all revenue and expenditures pertaining to the cafeteria operations.

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

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Miscellaneous Special Revenue – is used to account for and report those revenues that are committed to expenditures for student activities.

Fiduciary Fund Types - Fiduciary Funds include Private Purpose Trust Funds. The Private Purpose Trust Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations and other governments. Private Purpose Trust Funds are accounted for on the accrual basis.

D. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Inventory

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at actual cost or estimated historical cost if actual cost is unavailable. Donated assets are reported at their acquisition value at the date of donation.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 1,000	Straight-line	50 years
Land improvements	$ 1,000	Straight-line	25-30 years
Furniture and equipment	$ 1,000	Straight-line	5-20 years
Transportation vehicles	$ 1,000	Straight-line	8 years

I. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

J. Compensated Absences

Certain District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within certain time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. The District has recorded and estimated liability in the District-wide financial statement amounting to $93,504 to recognize the cost of estimated accumulated annual sick leave and vacation.

The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date.

K. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Deferred Inflows and Outflows of Resources

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

The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Next is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. Lastly, the third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and OPEB benefits paid subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS Systems) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second items is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and the net change in actual and expected experience.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Post-Employment Benefits

In addition to the retirement benefits described in Note 3, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees, upon reaching normal retirement age while working for the District, will have the District pay their health insurance premiums from their retirement incentive benefits (until exhausted) in accordance with their respective employment contract.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

   This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

2. Prepaid Expenses

   This reserve is used to restrict a portion of fund balance, relating to prepaid expenses paid in the current year, which is not in spendable form. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Unemployment Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either transferred to another reserve or the excess applied to the appropriations next fiscal year's budget. If the District elects to convert to tax basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is recorded in the General Fund.

2. Employee Retirement Contribution Reserve

This reserve is used to accumulate funds for employee retirement system contributions. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

3. Liability Reserve

This reserve is used to accumulate funds to pay property loss and liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. The reserve is accounted for in the General Fund.

4. Insurance Reserve

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following type of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. The reserve is recorded in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

5. Teachers' Retirement System Contribution Reserve Subfund

This reserve is used to accumulate funds for teachers' retirement system contributions and has limits of 2% annually and 10% in total of teacher retirement system salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

6. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

7. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These reserves are accounted for in the Debt Service Fund.

8. Tax Certiorari Reserve

Tax Certiorari Reserve is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amounts which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings Any resources deposited to the reserve which are not expended for tax certiorari proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

9. Workers' Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next fiscal year's budget. The reserve is accounted for in the General Fund.

10. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held in trust by the School District. These monies and earnings must be used for the specific purpose of the original contribution.

11. Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund or Capital Projects Fund.

12. Reserve for Repairs

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two thirds of the Board of Education. The emergency expenditure must be repaid within the next two succeeding years. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the fund balance of the extraclassroom activities as committed fund balance as of June 30, 2024.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances as of June 30, 2024 totaled $243,955.

2. Appropriated Fund Equity

General Fund - The amount of $1,866,656 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2025 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. **Fund Equity (continued)**

2. **Government-wide Financial Statements**

A. Invested in Capital and Right-to-Use Assets, Net of Related Debt

This designation of net position is used to accumulate the capital and right-to-use asset balance in the statement of net position less accumulated depreciation/amortization and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

3. **Order of Fund Balance Spending Policy**

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

a. Restricted fund balance for which specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation., specifically designating funds to the expenditure;

b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;

c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);

d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;

e. Unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. **Budgetary Procedures and Budgetary Accounting**

1. **Budget Policies**

The budget policies are as follows:

a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

b) The proposed appropriations budget is approved by the voters within the District.

c) Appropriations are adopted at the program level.

d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the fiscal year ended June 30, 2024, the District did not have any supplemental appropriations.

2. **Budget Basis for Accounting**

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

P. **Property Taxes**

1. **Calendar**

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Property Taxes (continued)

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties, in which the School District resident is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

Q. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

R. Deferred Compensation Plan

Franklinville Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

T. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

Total fund balances of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

3. Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

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

4. Pension Differences

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

5. OPEB Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The ***Franklinville Central School District's*** investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School Districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2024, the District's bank deposits were fully collateralized.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash (continued)

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

(1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;

(2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or

(3) Uncollateralized

Total financial institution (bank) balances at June 30, 2024 per the bank were approximately $3,800,000. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
$ 545,000	$3,255,000	$ -	$3,800,000

B. Investments

Investments are stated at current market value and are categorized as either:

(1) Insured or registered, or investments are held by the School District or by the School District's agent in the School District's name,

(2) Uninsured and unregistered, with the investments held by the financial institutions trust department in the District's name,

(3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

The District participates in the Cooperative Liquid Assets Securities System - New York (NYCLASS) a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G Sections 119-n and o, and Chapter 623 of the Laws of 1998, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with general municipal law sections 10 and 11. Total investments of the cooperative at June 30, 2024 are approximately $11,760,981,288 which consisted of 16% in repurchase agreements, 68% in U.S. Treasury Securities, 15% in collateralized bank deposits, and 1% other, with various interest rates and due dates. The amount below represents the cost of the investment pool shares, and are considered to approximate market value. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B. Investments (continued)

June 30, 2024	Fund	Fair Value Prices
Cattaraugus Region Community Foundation	Private Purpose Trust Fund	$ 268,872
NY Class investments: General Fund		$ 8,896,528

These investments are held in the School District's name. As of June 30, 2024, the cost of the District's investments approximated market value. The market value of the investments as of June 30, 2024 is based on unadjusted quoted prices in active markets for identical assets and liabilities.

II. Interfund Transactions

Interfund balances and transactions as of and during the year ended June 30, 2024 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 1,397,997	$ 163,508
Food Service Fund	11,676	26,908
Special Aid Fund	79,813	1,100,852
Debt Service Fund	989	-
Capital Fund	89,032	288,239
Fiduciary Funds	-	-
Total	$ 1,579,507	$ 1,579,507

	Interfund Revenue	Interfund Expenditures
Special Aid Fund	$ 48,204	$ -
Food Service Fund	-	-
Debt Service Fund	1,974,156	-
Capital Projects Fund	77,707	-
General Fund	-	2,100,067
Total	$ 2,100,067	$ 2,100,067

During the year ended June 30, 2024, the District transferred $48,204 from the general fund to the special aid fund to cover the local portions of grant expenses incurred in the current year. In addition, $1,974,156 was transferred from the general fund to the debt service fund to pay for principal and interest on maturing long-term debt. Lastly, the District transferred $77,707 in the current year from the general fund to the capital project fund towards the capital outlay project.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

III. Receivables

Receivables at June 30, 2024 consisted of amounts due from State and Federal sources as well as amounts due from other governments and miscellaneous receivables. District management has deemed the amounts to be fully collectible.

IV. Capital Assets and Right-to-Use Assets

A. Capital Assets

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance 06/30/23	Net change	Ending Balance 06/30/24
Governmental activities:			
Capital assets that are not depreciated:			
Land	$ 984,617	$ -	$ 984,617
Capital assets that are depreciated:			
Buildings and improvements	50,518,251	77,707	50,595,958
Furniture and equipment	3,719,925	46,604	3,766,529
Total depreciable historical cost	54,238,176	124,311	54,362,487
Less accumulated depreciation:			
Buildings and improvements	16,842,886	1,166,732	18,009,618
Furniture and equipment	2,095,427	318,102	2,413,529
Total accumulated depreciation	18,938,313	$ 1,484,834	20,423,147
Total net book value	$36,284,480		$34,923,957

B. Right-to-Use Assets

Depreciation and amortization expense was charged to governmental functions during the current year as follows:

General support	$ 264,612
Instruction	1,310,215
Pupil transportation	205,261
Food Service Program	2,941
	$ 1,783,029

C. Right-to-Use Assets

The District reported right-to-use assets net of amortization as of June 30, 2024 and 2023 in the amount of $628,881 and $768,210, respectively. More information related to the right-to-use assets is disclosed in Note 6.

D. Additions

The District had capital and right-to-use additions in the amount of $283,060.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities

A. Pension Plans

1. General Information

The ***Franklinville Central School District*** participates in the New York State and Local Employees Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

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

b. Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS).

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Plan Descriptions (continued)

b. Employees' Retirement System (ERS) (continued)

This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or by writing to the NYS and Local Retirement System, 110 State Street, Albany, NY 12244.

3. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Contributions (continued)

For TRS, contribution rates are established annually by the NYS Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year	TRS	ERS
2024	$ 592,000	$ 285,000
2023	594,000	251,000
2022	546,000	322,000

The School District contributions made to the Systems were equal to 100% of the contributions required for each year.

Since 1989, the TRS' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis.

Over the years, State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The District had no expenditures incurred or liability accrued related to the retirement incentive liabilities as of and for the year ended June 30, 2024.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

At June 30, 2024, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	3/31/24	6/30/23
Net pension asset/(liability)	$ (1,119,756)	$ (357,494)
District's portion of the Plan's total net pension asset/(liability)	.0076049%	.0312610%

For the year ended June 30, 2024, the District's recognized pension expense of $517,232 for ERS and $1,046,127 for TRS. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 360,672	$ 866,828	$ 30,533	$ 2,142
Changes of assumptions	423,355	769,674	-	167,746
Net difference between projected and actual earnings on pension plan investments	-	182,744	546,995	-
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	66,522	134,495	52,161	17,666
District's contributions subsequent to the measurement date	113,911	592,340	-	-
Total	$ 964,460	$ 2,546,081	$ 629,689	$ 187,554

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability/asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, along with contributions subsequent to the measurement date, will be recognized in pension expense as follows:

	ERS	TRS
Year ending:		
2025	$ (187,271)	$ 165,735
2026	221,839	(155,391)
2027	316,810	1,464,542
2028	(130,518)	134,865
2029	-	101,993
Thereafter	-	54,443

5. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/24	6/30/23
Actuarial valuation date	4/1/23	6/30/22
Interest rate	5.9%	6.95%
Salary scale	4.4% average	1.95% - 5.18%
Decrement tables	4/1/15 – 3/31/20 System's Experience	7/1/15 – 6/30/20 System's Experience
Inflation rate	2.9%	2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

5. Actuarial Assumptions (continued)

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2021. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	ERS 3/31/24	Expected Rate of Return	TRS 6/30/23	Expected Rate of Return
Asset Type:				
Domestic equity	32%	4.00%	33%	6.8%
International equity	15%	6.65%	15%	7.7%
Global equity	-%	-%	4%	7.2%
Private equity	10%	7.25%	9%	10.1%
Real Estate	9%	4.60%	11%	6.3%
Opportunistic/ARS portfolio	3%	5.25%	-%	-%
Credit	4%	5.40%	-%	-%
Real assets	3%	5.79%	-%	-%
Domestic fixed income	-%	-%	16%	2.2%
Global Bonds	-%	-%	2%	1.6%
Real estate debt	-%	-%	6%	3.2%
Private debt	-%	-%	2%	6.0%
High-yield fixed income	-%	-%	1%	4.4%
Fixed Income	23%	1.50%	-%	-%
Cash	1%	.25%	1%	.3%
Total:	100%		100%	

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

6. Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1- percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	$ (3,520,627)	$ (1,119,756)	$ 885,469

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	$ (5,444,816)	$ (357,494)	$ 3,921,164

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

8. Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective measurement dates, were as follows:

	(Dollars in Thousands) ERS	TRS
Measurement date	3/31/24	6/30/23
Employers' total pension liability	$ 240,696,851	$ 138,365,122
Plan net position	$ 225,972,801	$ 137,221,537
Employers' net pension asset (liability)	$ (14,724,050)	$ (1,143,585)
Ratio of plan net position to be Employers' total pension asset (liability)	93.88%	99.20%

9. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to $113,911.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to $640,119 (employer contribution $592,340 and employee contributions of $47,779).

B. Other Post-Employment Benefits

1. General information about the OPEB Plan

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan).

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

1. General information about the OPEB Plan

Plan Description (continued)

The Plan provides medical and vision insurance benefits to eligible retires and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	94
Active employees	153
	247

2. Total OPEB Liability

The District's total OPEB liability of $7,236,817 was valued at July 1, 2022, measured as of July 1, 2023 and was actuarially rolled forward for the fiscal year ended June 30, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2023. The actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified.

Inflation Rate – 2.50% per year

Salary Increases

Years of Service	NYERS	NYTRS
0	8.80%	12.31%
10	4.18%	4.30%
20	3.30%	2.93%
30	3.30%	2.19%
40	3.30%	1.84%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

2. Total OPEB Liability (continued)

Actuarial Assumptions and Other Inputs (continued)

Discount Rate – 4.13%

Healthcare Cost Trend Rates – 8.0% for 2024, decreasing .5% to 4.5% for 2029 and later.

Retirees' Share of Benefit-Related Costs – most retirees are responsible for the entire premium rate.

The discount rate was based on 20 year Go Bond Municipal Bond Index.

SOA Pub-2010 General Headcount Weighted Mortality Table.

The actuarial assumptions used for the July 1, 2023 measurement date represent a long-term expectation of future OPEB outcomes.

3. Changes in the Total OPEB Liability

Balance at June 30, 2023	$ 7,249,611
Changes for the Year	
Service costs	100,154
Interest	293,331
Changes of benefit terms	-
Differences between expected and actual experience	(219,998)
Changes in assumptions	173,024
Benefit payments	(359,305)
Net changes in total OPEB liability	(12,794)
Balance at June 30, 2024	$ 7,236,817

Changes in assumptions

Changes of assumptions and other inputs reflect a change in the discount rate from 4.09% in 2023 to 4.13% in 2024. Payroll growth rate is based on NYSERS and NYSTRS valuations in 2023 and 2024, respectively. Health care trend rate changed from 7.5% to 4.5% in 2023 to 8.0% to 4.5% in 2024.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

3. Changes in the Total OPEB Liability (continued)

Sensitivity of the Total OPEB Liability to changes in the Discount Rate

The follow represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.13%) or 1% point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	$ 7,946,725	$ 7,236,817	$ 6,621,467

Sensitivity of the Total OPEB Liability to changes in the Healthcare Trend Costs

The follow represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare trend costs that are 1% point lower (7.0%-3.5%) or 1% point higher (9.0-5.5%) than the current rates:

	1% Decrease (7.0%-3.5%)	Healthcare Cost Trend Rate (8.0%-4.5%)	1% Increase (9.0%-5.5%)
Total OPEB liability	$ 6,523,224	$ 7,236,817	$ 8,063,660

4. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB benefit of $540,630.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

4. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,529,721
Changes of assumptions or other inputs	803,788	745,772
Contributions subsequent to measurement date	367,507	-
Total	$ 1,171,295	$ 3,275,493

Amounts reported as deferred outflows of resources and deferred (outflows)/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending:	OPEB
2025	$ (647,464)
2026	(1,030,461)
2027	(793,780)
2028	-
2029	-
Thereafter	-

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

1. Short-Term Debt (continued)

b. **Short-Term Debt Interest**

The District did not have any short-term interest for the year ended June 30, 2024.

2. Long-Term Debt

a. **Debt Limit**

At June 30, 2024, the total indebtedness represents approximately 32% of its debt limit.

b. **Serial Bonds**

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the Statement of Net Position. The provisions to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

On June 16, 2014 the District issued serial bonds in the amount of $4,385,000. The bonds carry an interest rate of 2.25% through 3.25% and mature on June 15, 2029.

On June 24, 2015 the District issued serial bonds in the amount of $9,075,000 carrying interest at a rate of 1.00% through 2.625% per annum and mature on June 15, 2026.

On November 1, 2016, the District entered into an Energy Performance Contract in the amount of $2,226,781. The contract ends on September 1, 2031.

On June 15, 2022, the District issued DASNY bonds in the amount of $4,660,000. The bonds carry an interest rate of 5% and mature on June 15, 2037.

c. **Changes**

The changes in the School District's indebtedness during the year ended June 30, 2024 and 2023 are summarized as follows:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. **Changes (continued)**

	Balance June 30, 2024	Balance June 30, 2023
2014 Serial Bonds	$ 985,000	$ 1,365,000
2015 Serial Bonds	1,800,000	2,675,000
2016 Energy Performance Contract	1,283,403	1,443,769
2022 DASNY Bond	4,575,332	4,865,184
Other post-employment benefits	7,236,817	7,249,611
Net pension liabilities		
TRS	357,494	603,256
ERS	1,119,756	1,713,214
Compensated Absences	93,504	55,461
	$ 17,451,306	$ 19,970,495

During the current year the District made principal payments on its serial bonds and energy performance contract in the amount of $1,660,366 and amortized bond premiums in the amount of $44,852. The net change in compensated absences was an increase of $38,043 during the fiscal year ended June 30, 2024. The net change in other post-employment benefits was a decrease of $12,794 during the fiscal year ended June 30, 2024 related to an actuarial update. Lastly, the District's proportionate share of the net pension liability for ERS and TRS decreased by $593,458 and $245,762, respectively, during the current year.

d. **Maturity**

1. The following is a summary of serial bonds indebtedness:

Description of Issue	Outstanding at June 30, 2024
Serial Bonds, issued in 2014 with a maturity date of 2029, with interest rates ranging from 2.25% - 3.25%.	$ 985,000
Serial Bonds, issued in 2015 with a maturity date of 2026, with interest rates ranging from 1%-2.625%.	1,800,000
Energy Performance Contract issued in 2016 with a maturity date of September 1, 2031.	1,283,403
DANSY Bond issued 2022 with maturity date of 2037, with interest rate of 5%.	4,265,000
Unamortized premium	310,332
	$ 8,643,735

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

2. The following is a summary of maturing debt service requirements for serial bonds:

	Serial Bonds – 2014	
	Construction Bond	
Year	Principal	Interest
2025	$ 390,000	$ 29,750
2026	400,000	18,050
2027	90,000	6,050
2028	50,000	3,350
2029	55,000	1,788
Total	$ 985,000	$ 58,988

	Serial Bonds – 2015	
	Construction Bond	
Year	Principal	Interest
2025	$ 890,000	$ 43,913
2026	910,000	23,888
Total	$ 1,800,000	$ 67,801

	Energy Performance Contract – 2016	
	Energy Performance Contract	
Year	Principal	Interest
2025	$ 164,209	$ 29,028
2026	168,144	25,093
2027	172,173	21,064
2028	176,299	16,938
2029	180,523	12,714
2030-2032	422,055	12,632
Total	$ 1,283,403	$ 117,469

	DASNY Bonds	
Year	Principal	Interest
2025	$ 255,000	$ 213,250
2026	270,000	200,500
2027	285,000	187,000
2028	300,000	172,750
2029	310,000	157,750
2030-2034	1,815,000	538,500
2035-2037	1,030,000	90,500
Total	$ 4,265,000	$ 1,560,250

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to $362,027 for the year ended June 30, 2024.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

3. Refunding of Long-Term Debt

In prior years, the District defeased other general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements.

VI. Fund Equity

A. Fund Equity

The District's fund equity is comprised of various components.

Category/Fund	Description	Balance June 30, 2024
Nonspendable:		
Food Service	Inventory	$ 22,848
Restricted:		
General	Reserve for employee benefits	$ 171,245
	Reserve for insurance	211,451
	Reserve for liability	211,451
	Reserve for retirement system contributions	962,465
	TRS retirement contribution reserve	358,052
	Unemployment insurance reserve	233,701
	Reserve for repairs	145,300
	Reserve for capital	5,509,757
	Reserve for workers' compensation	85,705
		$ 7,889,127
Debt Service	Reserve for debt service	$ 211,084
Private Purpose Trust Fund	Reserve for endowment scholarships	$ 325,928
Committed:		
Miscellaneous Special Revenue	Student Activities	$ 113,006
Assigned:		
General	Appropriated fund balance	$ 1,866,656
	Reserve for encumbrances	243,955
		$ 2,110,611
Food Service	Fund balance	$ 161,267

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity (continued)

B. District-wide Net Position

Net position as of June 30, 2024 of the District includes restricted net position of $8,100,211 which represent restricted amounts in the general fund and debt service fund as presented above.

C. Assigned – Appropriated Fund Balance

General Fund – the amount of $1,866,656 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2025 as allowed by Section 1318 of the Real Property Tax Law.

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

For its employee health and accident coverage, ***Franklinville Central School District*** is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 22 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to $100,000 per insured event. The Cattaraugus-Allegany Regional Medical Plan obtains independent coverage for insured events in excess of this amount.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance (continued)

2. Risk Sharing Pools (continued)

The ***Franklinville Central School District*** also participates in a risk sharing pool, Cattaraugus-Allegany BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

C. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately $120,000 as of June 30, 2024 for accumulating non-vesting sick leave.

D. Litigation

The District was served with a Child Victims Act lawsuit by a former student in Cattaraugus County Supreme Court. The plaintiff has neither demanded or produced any discovery; therefore, an assessment of damages or liability, if any, cannot presently be assessed. The District intends to vigorously defend this claim.

VIII. Tax Abatements

The Cattaraugus County Industrial Development Agency entered into a property tax abatement program (Payment in Lieu of Taxes – PILOT) with a corporation in the District's tax jurisdiction for the purpose of economic development. The term of the agreement is from December 2021 through December 2048. Tax abated under the agreement during the current fiscal year totaled $201,161.

NOTE 4 - CAPITAL PROJECTS

Total expenditures incurred during the year ended June 30, 2024 were $77,707 relating to capital outlay project.

NOTE 5 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately $755,000 of CRRSA assistance to the District. The District expended the entire CRRSA funding during the years ended June 30, 2023, 2022 and 2021, respectively, of $114,028, $314,927 and $326,078.

In March 2021, the American Rescue Plan (ARP) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately $2,811,000 of ARP assistance to the District. The District expended $802,533, $984,835 $612,001 and $0 of ARP funding during the years ended June 30, 2024, 2023, 2022 and 2021, respectively.

NOTE 6 – RIGHT-TO-USE ASSETS/LEASES

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2024:

	Balance 7/1/2023	Additions
Right-to-use asset	$ 1,214,852	$ 124,360
Accumulated amortization	(446,642)	(263,689)
	$ 768,210	$ (139,329)

	Deletions	Balance 6/30/2024
Right-to-use asset	$ (236,554)	$ 1,102,658
Accumulated amortization	236,554	(473,777)
	$ -	$ 628,881

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 19, 2024, which is the date the financial statements were available to be issued.

On September 3, 2024, the voters of the District authorized a 2024 Capital Improvement Project consisting of the partial reconstruction, renovation and construction of improvements, an addition and a new building, and upgrades to various District buildings and facilities and the sites thereof, at an estimated maximum cost of $33,763,000 to be financed with its 2016 Capital Reserve Fund including interest earned (balance was $4,233,064 at June 30, 2024), $1,084,909 from its 2023 Capital Improvements Reserve Fund and the remainder financed with debt proceeds. Costs associated with the Project in the amount of approximately $172,000 were incurred prior to June 30, 2024. The District intends to have the capital project fund reimburse the general fund for such costs during the fiscal year ending June 30, 2025.

SUPPLEMENTARY INFORMATION

COMBINING SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	$ 4,383,310	$ 4,383,310	$ 4,376,052	$ (7,258)
Charges for services	11,000	11,000	43,168	32,168
Use of money and property	94,500	94,500	573,965	479,465
Sale of property and compensation for loss	6,000	6,000	37,266	31,266
Miscellaneous	237,500	237,500	530,733	293,233
State Sources:				
Basic formula	14,037,600	14,037,600	13,815,209	(222,391)
BOCES	1,670,681	1,670,681	1,835,080	164,399
Textbooks	33,377	33,377	33,203	(174)
All other aid	23,923	23,923	36,055	12,132
Federal Sources:				
Medicaid reimbursement	100,000	100,000	163,652	63,652
Total revenue	20,597,891	20,597,891	$ 21,444,383	$ 846,492
Appropriated fund equity	1,222,665	1,222,665		
Total revenue, and appropriated fund equity	$ 21,820,556	$ 21,820,556		

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	$ 23,328	$ 24,782	$ 23,309	$ -	$ 1,473
Central administration	236,203	225,745	217,595	-	8,150
Finance	270,632	279,359	265,633	-	13,726
Staff	406,307	465,419	446,506	-	18,913
Central services	1,718,365	1,906,285	1,917,186	-	(10,901)
Special items	292,526	291,592	283,116	-	8,476
Instructional:					
Instruction, administration and improvement	795,479	640,294	557,141	-	83,153
Teaching - regular school	5,152,506	5,138,109	4,987,622	-	150,487
Programs for children with handicapping conditions	3,188,917	3,246,396	3,186,699	-	59,697
Teaching - special schools	78,080	49,297	22,686	-	26,611
Occupational education	506,629	506,629	506,629	-	-
Instructional media	661,507	675,542	652,630	-	22,912
Pupil services	902,214	884,650	751,008	-	133,642
Pupil Transportation	1,280,277	1,406,369	1,034,471	243,955	127,943
Community services	-	-	-		-
Employee Benefits	4,163,430	3,935,932	3,369,207	-	566,725
Total expenditures	19,676,400	19,676,400	18,221,438	243,955	1,211,007
Other Uses:					
Transfer to other funds	2,144,156	2,144,156	2,100,067	-	44,089
Total other uses	2,144,156	2,144,156	2,100,067	-	44,089
Total expenditures and other uses	$ 21,820,556	$ 21,820,556	20,321,505	$ 243,955	$ 1,255,096
Excess of revenue and other sources over expenditures and other uses			$ 1,122,878		

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	$ 101,877	$ 114,294	$ 12,417
Federal sources	371,104	425,711	54,607
Sales	45,000	52,575	7,575
Miscellaneous	3,096	424	(2,672)
Surplus food	37,000	32,704	(4,296)
Use of money and property	-	1,867	1,867
Total revenue	558,077	627,575	69,498
Expenditures			
General support	249,400	252,139	(2,739)
Employee benefits	39,577	45,610	(6,033)
Cost of sales	248,900	268,741	(19,841)
Other expenses	20,200	20,104	96
Total expenditures	558,077	586,594	(28,517)
Excess of revenue over expenditures	$ -	40,981	$ 40,981
Fund equity, beginning of year		143,134	
Fund equity, end of year		$ 184,115	

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	$ 21,820,556
Additions:	
Prior year encumbrances	-
Original Budget	21,820,556
Budget Revisions:	-
Final budget	$ 21,820,556

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-25 voter-approved expenditure budget	**$ 23,135,837**
Maximum allowed (4% of 2024-25 budget)	**925,433**
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	$ 2,110,611
Unassigned fund balance	2,375,635
Total unrestricted fund balance	4,486,246
Less:	
Appropriated fund balance	1,866,656
Enumbrances included in committed and assigned fund balance	243,955
Total adjustments	2,110,611
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	**$ 2,375,635**
Actual percentage	**10.3%**

* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Orginally Issued November 2010), the portion of the General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

FRANKLINVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

			Expenditures			Methods of financing				Fund
Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Proceeds of Obligations	State Sources	Local Sources	Total	Equity June 30, 2024
Capital Outlay	$ 100,000	$ 100,000	$ -	$ 77,707	$ 77,707	$ -	$ -	$ 77,707	$ 77,707	$ -
	$ 100,000	$ 100,000	$ -	$ 77,707	$ 77,707	$ -	$ -	$ 77,707	$ 77,707	$ -

See accompanying independent auditor's report.

BUDGET COMPARISON STATEMENT FOR STATE AND OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school Handicapped *	N/A	2024	N/A	$ 126,842	$ 126,842
School for the Blind **	N/A	2024	N/A	87,887	87,887
Universal Pre-kindergarten	0409-24-7203	2024	$ 154,154	154,154	154,154
Statewide Universal Pre-Kindergarten	0545-24-2069	2024	193,003	163,003	163,003
Local Government Efficiency Grant	N/A	2024	2,264	2,264	2,264
National school lunch program	N/A	2024	N/A	84,699	84,699
National school breakfast program	N/A	2024	N/A	29,595	29,595
			$ 349,421	$ 648,444	$ 648,444

* Included in revenue is an interfund transfer from the general fund for the local share of the grant in the amount of $40,300.
** Included in revenue is an interfund transfer from the general fund for the local share of the grant in the amount of $7,904.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the ***Franklinville Central School District*** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for applicable program and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Note 2 - **Non-monetary Federal Program**

The accompanying ***Franklinville Central School District*** is the recipient of a non-monetary federal award program. During the year ended June 30, 2024, the District reported in the Schedule of Federal Awards $32,704 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect rate allowed under the Uniform Guidance in the current year.

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Passed through NYS Department of Education:					
Title I	84.010A	0021-24-0225	$ 251,270	$ 236,676	$ 236,676
Title I	84.010A	0021-23-0225	6,300	6,300	6,300
Title II, Part A	84.367A	0147-24-0225	27,722	27,739	27,739
Title IV	84.424A	0204-24-0225	20,010	475	475
Title V	84.358B	0006-23-0225	5,069	5,069	5,069
IDEA Part B, Section 611 **	84.027A	0032-24-0075	205,619	205,619	205,619
IDEA Part B, Section 619 **	84.173A	0033-24-0075	9,633	9,633	9,633
COVID - 19 - ARP-ESSER 3	84.425U	5880-21-0225	1,696,924	506,889	506,889
COVID - 19 - ARP-ESSER After School	84.425U	5883-21-0225	153,828	43,030	43,030
COVID - 19 - ARP-ESSER Summer School	84.425U	5882-21-0225	153,828	60,279	60,279
COVID - 19 - ARP-ESSER Learning Loss	84.425U	5884-21-0225	769,116	192,335	192,335
COVID - 19 - ARP-IDEA 611 **	84.027X	5532-22-0075	33,443	2,498	2,498
Total U.S. Department of Education			3,332,762	1,296,542	1,296,542
US Department of Agriculture:					
Passed through NYS Department of Education:					
National School Breakfast Program ***	10.553	N/A	N/A	99,356	99,356
National School Lunch Program ***	10.555	N/A	N/A	304,990	304,990
COVID-19 Supply Chain Assistance Program ***	10.555	N/A	N/A	21,365	21,365
Passed through NYS					
Office of General Services:					
National School Lunch Program ***					
Noncash assistance (commodities)	10.555	005102	N/A	32,704	32,704
Total U.S. Department of Agriculture			N/A	458,415	458,415
Total expenditures and revenue				$ 1,754,957	$ 1,754,957

** Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures of $ 217,750

*** Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures of $ 458,415

SCHEDULE OF CAPITAL ASSETS AND RIGHT-TO-USE ASSETS NET OF RELATED DEBT
AS OF JUNE 30, 2024

Capital assets and right-to-use assets, net	$	35,552,838
Less:		
Serial bonds and bond anticipation notes		(7,360,332)
Energy performance contract, included in debt		(1,283,403)
Net investment in capital assets and right-to-use assets, net of related debt	$	26,909,103

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2024

As of the measurement date of July 1,	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability								
Service cost	$ 100,154	$ 197,284	$ 191,458	$ 180,266	$ 169,530	$ 242,422	$ 282,186	$ 219,958
Interest	293,331	243,343	324,147	356,417	389,249	411,254	372,230	417,465
Differences between expected and actual experience	(219,998)	(2,667,244)	(1,769,625)	(282,627)	(456,065)	(524,029)	(418,842)	-
Changes in assumptions	173,024	(1,242,954)	586,248	2,197,602	409,367	(1,139,839)	(1,003,885)	1,597,647
Benefit payments	(359,305)	(388,027)	(436,238)	(425,359)	(427,417)	(394,957)	(380,649)	(349,220)
Net change in total OPEB liability	(12,794)	(3,857,598)	(1,104,010)	2,026,299	84,664	(1,405,149)	(1,148,960)	1,885,850
Total OPEB liability - beginning	7,249,611	11,107,209	12,211,219	10,184,920	10,100,256	11,505,405	12,654,365	10,768,515
Total OPEB liability - ending	$ 7,236,817	$ 7,249,611	$ 11,107,209	$ 12,211,219	$ 10,184,920	$ 10,100,256	$ 11,505,405	$ 12,654,365
Plan fiduciary net position								
Contributions - employer	$ 359,305	$ 388,027	$ 436,238	$ 425,359	$ 427,417	$ 394,957	$ 380,649	$ 349,220
Benefit payments	(359,305)	(388,027)	(436,238)	(425,359)	(427,417)	(394,957)	(380,649)	(349,220)
Plan fiduciary net position - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's net OPEB liability	$ 7,236,817	$ 7,249,611	$ 11,107,209	$ 12,211,219	$ 10,184,920	$ 10,100,256	$ 11,505,405	$ 12,654,365
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 7,539,383	$ 7,355,496	$ 7,330,017	$ 7,151,236	$ 7,052,983	$ 6,880,959	$ 6,182,245	$ 6,102,907
District's net OPEB liability as a percentage of covered-employee	96.0%	98.6%	151.5%	170.8%	144.4%	146.8%	186.1%	207.3%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: The discount rate is 4.09% as of June 30, 2023 and 4.13% as of June 30, 2024.
Health care cost trends from 7.5% in 2023 decreasing each year thereafter with an ultimate rate of 4.5% after 2029 to 8.0% decreasing to 4.5%.

SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2024

For the year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	$ 359,305	$ 388,027	$ 436,238	$ 425,359	$ 427,417	$ 394,957	$ 380,649	$ 349,220
Contributions in relation to the actuarially determined contribution	(359,305)	(388,027)	(436,238)	(425,359)	(427,417)	(394,957)	(380,649)	(349,220)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 7,539,383	$ 7,355,496	$ 7,330,017	$ 7,151,236	$ 7,052,983	$ 6,880,959	$ 6,182,245	$ 6,102,907
Contributions as a percentage of District's covered-employee payroll	4.77%	5.28%	5.95%	5.95%	6.06%	5.74%	6.16%	5.72%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	4.13% as of June 30, 2024
Inflation	2.5% per year
Healthcare cost trend rates	2024 - 8.0%. Rates expected to decrease each year thereafter with an ultimate rate of 4.5% after 2029.
Salary increases	Based on NYSERS and NYSTRS valuations.
Mortality	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021
Retiree Cost Sharing	The District provides healthcare and life insurance benefits for certain retirees and their dependents based on contractual agreements.
Participants	153 Active and 94 Retirees

SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024

New York State Teachers' Retirement System

For the year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 592,340	$ 594,104	$ 545,789	$ 551,918	$ 510,947	$ 601,170	$ 582,526	$ 643,327	$ 726,348	$ 942,254
Contributions in relation to the contractually required contribution	(592,340)	(594,104)	(545,789)	(551,918)	(510,947)	(601,170)	(582,526)	(643,327)	(726,348)	(942,254)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,069,057	$ 5,790,487	$ 5,569,276	$ 5,791,375	$ 5,766,896	$ 5,862,057	$ 5,642,431	$ 5,302,783	$ 5,300,923	$ 5,238,474
Contributions as a percentage of District's covered-employee payroll	9.76%	10.26%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

New York State Local Employees' Retirement System

For the year ended March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 285,399	$ 250,533	$ 321,697	$ 275,441	$ 311,862	$ 276,508	$ 274,548	$ 273,976	$ 329,418	$ 339,962
Contributions in relation to the contractually required contribution	(285,399)	(250,533)	(321,697)	(275,441)	(311,862)	(276,508)	(274,548)	(273,976)	(329,418)	$ (399,962)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,299,944	$ 2,272,619	$2,075,527	$ 1,980,350	$ 1,960,429	$ 1,931,353	$ 1,857,924	$ 1,806,390	$ 1,741,585	$ 1,668,779
Contributions as a percentage of District's covered-employee payroll	12.41%	11.02%	15.50%	13.91%	15.91%	14.32%	14.78%	15.17%	18.91%	20.37%

See accompanying independent auditor's report.

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION ASSET – NYSTRS AND DISTRICT'S PROPORTIONATE SHARE OF NET PENSION ASSET (LIABILITY) - NYSLERS FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024

New York State Teachers' Retirement System - Net Pension Asset (Liability)

As of the measurement date of June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	n/a	0.0312610%	0.0314380%	0.0341210%	0.0339770%	0.0339140%	0.0343300%	0.0331000%	0.0341500%	0.0347000%
District's proportionate share of the net pension asset (liability)	n/a	$ (357,494)	$ (603,256)	$ 5,912,789	$ (938,865)	$ 881,078	$ 620,785	$ 251,739	$ (365,736)	$ 3,600,984
District's covered-employee payroll	n/a	$ 5,790,487	$ 5,569,276	$ 5,791,375	$ 5,766,896	$ 5,862,057	$ 5,642,431	$ 5,302,783	$ 5,300,923	$ 5,238,474
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	-6.17%	-10.83%	102.10%	-16.28%	15.03%	11.00%	4.75%	-6.90%	68.74%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

New York State Local Employees' Retirement System - Net Pension Asset (Liability)

As of the measurement date of March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0076049%	0.0079892%	0.0074067%	0.0064337%	0.0060840%	0.0061000%	0.0065000%	0.0064000%	0.0064000%	0.0063386%
District's proportionate share of the net pension asset (liability)	$ (1,119,756)	$ (1,713,214)	$ 605,467	$ (6,406)	$ (1,611,070)	$ (433,937)	$ (210,155)	$ (597,319)	$ (1,025,210)	$ (214,134)
District's covered-employee payroll	$ 2,299,944	$ 2,272,619	$ 2,075,527	$ 1,980,350	$ 1,960,429	$ 1,931,353	$ 1,857,924	$ 1,806,390	$ 1,741,585	$ 1,668,779
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	-48.69%	-75.39%	29.17%	-0.32%	-82.18%	22.47%	11.31%	33.07%	58.87%	12.83%
Plan fiduciary net position as a percentage of the total pension (liability)	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

n/a - information is not available

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *"GOVERNMENT AUDITING STANDARDS"*

To the President and
Members of the Board of Education
Franklinville Central School District
Franklinville, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of ***Franklinville Central School District*** as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise ***Franklinville Central School District's*** basic financial statements and have issued our report thereon dated September 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ***Franklinville Central School District's*** internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Franklinville Central School District's*** internal control. Accordingly, we do not express an opinion on the effectiveness of ***Franklinville Central School District's*** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item II.A.2024-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ***Franklinville Central School District's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2024-002.

Franklinville Central School District**'s Responses to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on ***Franklinville Central School District's*** responses to the internal controls over compliance finding and compliance and other matters finding identified in our audit described in the accompanying schedule of findings and questioned costs. ***Franklinville Central School District's*** responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Olean, New York
September 19, 2024

B▲W▲B
BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

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

To the President and
Members of the Board of Education
Franklinville Central School District
Franklinville, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited ***Franklinville Central School District's*** compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. ***Franklinville Central School District's*** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ***Franklinville Central School District*** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ***Franklinville Central School District*** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of ***Franklinville Central School District's*** compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to ***Franklinville Central School District's*** federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ***Franklinville Central School District's*** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ***Franklinville Central School District*** with the requirements of each major federal program as a whole.

Auditor's Responsibilities for the Audit of Compliance (continued)

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ***Franklinville Central School District's*** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of ***Franklinville Central School District's*** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ***Franklinville Central School District's*** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that may be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 19, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:		Unmodified		
Internal control over financial reporting:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?	X	yes		none reported
Noncompliance material to financial statements noted?	X	yes		no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	none reported
Type of auditor's opinion issued on compliance for major programs:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)		yes	X	no

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		$ 1,754,957
Identification of Major Programs Tested:		
COVID - 19 - ARP-ESSER 3	84.425U	$ 506,889
COVID - 19 - ARP-ESSER After School	84.425U	43,030
COVID - 19 - ARP-ESSER Summer School	84.425U	60,279
COVID - 19 - ARP-ESSER Learning Loss	84.425U	192,335
Total major programs tested		$ 802,533
% of Federal programs tested		46%

Dollar threshold used to distinguish between Type A and Type B programs:		$ 750,000		
Auditee qualified as low risk?	X	yes		no

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2024-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2024

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to generally accepted accounting principles.

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

School District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of theses financial statements and the ability to make informed judgments based on these financial statements. The School Business Executive, Donna Howard, will plan for all necessary journal entries in the fiscal year ending June 30, 2025, with the intention of the District Auditors not having to recommend any additional entries for the financial statements. The District will also work with the Auditors to ensure they have any necessary disclosures prior to their audit work for the 2024-2025 fiscal year, which begins in August 2025.

B. COMPLIANCE AND OTHER MATTERS

2024-002 Unassigned Fund Balance

Year ended June 30, 2024

Conditions and criteria: ***Franklinville Central School District's*** unassigned fund balance as of June 30, 2024 amounted to $2,375,635. This amount constitutes approximately 10.3% of the 2024-25 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditor's Recommendation: ***Franklinville Central School District*** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation of fund balance. In addition, we recommend that the District document its rationale to support the purpose and dollar level of reserves and to ensure it is in compliance with New York State guidelines.

School District's Response: ***Franklinville Central School District*** realizes that its unassigned fund balance as of June 30, 2024 was in excess of the NYS mandated 4% level. As new economic risks arise and federal funding is reduced, it is imperative that the District plans to maintain its current reserves and plan for future use as necessary. The District has and will continue to closely monitor fund balance in the future and will review all options with regards to reservation and designation of fund balance. The School Business Executive, Donna Howard, will continue to work with the Board of Education to review its Reserve Fund plan annually to reduce the unassigned fund balance and appropriately fund reserve accounts beginning with the 2025-2026 school year.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2024

There were no compliance findings reported during the fiscal year ended June 30, 2024.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2024

There we no findings related to internal control over compliance are being reported upon during the fiscal year June 30, 2024.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2023-001 **Adjusting Journal Entries and Required Disclosures to the Financial Statements**

Year ended June 30, 2023

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2024 as finding 2024-001.

B. COMPLIANCE AND OTHER MATTERS

2023-002 **Unassigned Fund Balance**

Year Ended June 30, 2023

Summary of Prior Year Finding: ***Franklinville Central School District's*** unassigned fund balance as of June 30, 2023 amounted to approximately $2,743,000. This amount constitutes approximately 12.6% of the 2023-2024 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2024 as finding 2024-002.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2023

There were no compliance findings reported during the fiscal year ended June 30, 2023.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2023

There we no findings related to internal control over compliance reported upon during the fiscal year June 30, 2023.

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

To the President and Members of the
Board of Education and School Administration
Franklinville Central School District
Franklinville, New York

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2024 of the District's financial statements and have issued our reports thereon dated September 19, 2024. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the ***Franklinville Central School District*** for the year ended June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2020 through June 30, 2024. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. ***Franklinville Central School*** has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

The analysis of the use of the District's fund equity shows that the District maintains a number of reserves. The reserves presented here are only those that are reported in the General Fund. The uses and legal restrictions of each of these reserve categories are listed in the footnotes to the financial statements. These reserves reduce the amount of the District's unassigned fund equity.

We have reviewed the financial statements extensively with the Audit Committee, School Superintendent and the Business Manager. We believe these individuals have a good understanding of the financial condition of the District as well as the comments expressed in our annual report. We have enjoyed working with the District this year, and wish to thank all of the staff who have assisted us during our audit.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 19, 2024

	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Revenue and other sources					
Property taxes	$ 4,376	$ 4,311	$ 4,311	$ 4,308	$ 4,310
State aid	15,720	15,284	14,663	13,868	14,074
All other	1,348	858	619	913	741
	21,444	20,453	19,593	19,089	19,125
Expenditures and other uses					
General support	3,153	3,148	2,942	2,640	2,457
Instruction	10,665	9,327	9,062	9,746	9,897
Transportation	1,034	1,186	1,178	1,037	1,080
Community Services	-	6	-	-	-
Benefits	3,369	2,933	2,998	3,191	3,182
Transfers	2,100	2,103	1,706	1,543	1,536
	20,321	18,703	17,886	18,157	18,152
Excess of revenue over expenditures	1,123	1,750	1,707	932	973
Fund equity					
Beginning of year	11,252	9,502	7,795	6,863	5,890
End of year	$ 12,375	$ 11,252	$ 9,502	$ 7,795	$ 6,863
Analysis of fund equity					
Restricted					
Reserve for repairs	$ 145	$ 139	$ 203	$ 203	$ 203
Reserve for retirement system	604	579	572	571	686
Changes in assumptions: The discount rate is 4.	358	343	339	339	224
Reserve for employee benefits	529	507	501	501	385
Reserve for liability	211	203	200	200	-
Reserve for insurance	211	203	200	200	-
Reserve for unemployment insurance	234	224	221	221	221
Reserve for workers' compensation	86	82	81	81	81
Reserve for capital	5,510	5,007	3,512	2,011	1,510
Assigned					
Reserve for encumbrances	244	-	-	-	-
Next year's budget	1,867	1,223	625	350	545
Unassigned	2,376	2,742	3,048	3,118	3,008
	$ 12,375	$ 11,252	$ 9,502	$ 7,795	$ 6,863

Future Governmental Accounting Standards – GASB 101 – Compensated Absences

Governmental Accounting Standards Board has issued Statement No. 101, Compensated Absences which will be effective for the fiscal year ending June 30, 2025. The standard provides guidance on how the District will account for and disclose obligations related to compensated absences, including vacation leave, sick leave, and other similar benefits. We recommend that the District begin to familiarize themselves with the new compensated absences standard, which may include continuing education, webinars and further training.

District response: The District will participate in trainings or webinars on the topics when they become available.

Equipment and Inventory

The District reports approximately $36 million of capital assets. The District utilizes a third-party to maintain depreciation records which include listing of fixed asset owned by the District, the date and amount of the purchase and depreciation and accumulated depreciation for each asset. Each year, the District accumulates equipment purchases and capital improvements and submits information to its third-party to be included in an annual report. We recommend that the District ensure all purchases/disposals and capital improvements during the year are submitted to the third-party. At year-end, the District should review contractual and equipment accounts within its general ledger and verify that all purchases over the capitalization threshold are accounted for. Lastly, the current year purchases/additions on the annual report should be reconciled to the District's listing of current year additions/disposals.

District response: The District will provide an additions/deletions report to the third-party for changes during the school year. The District will verify the annual report to ensure the additions and deletions have been reflected in the year end reporting

FRANKLINVILLE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

FRANKLINVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND

TABLE OF CONTENTS

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the President and
Members of the Board of Education
Franklinville Central School District
Franklinville, New York

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the ***Franklinville Central School District*** for the year ended June 30, 2024, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of ***Franklinville Central School District*** for the year ended June 30, 2024 on the basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the ***Franklinville Central School District*** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Fund of ***Franklinville Central School District's*** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

__Auditor’s Responsibilities for the Audit of the Financial Statements (continued)__

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Extraclassroom Activity Fund of ***Franklinville Central School District’s*** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Extraclassroom Activity Fund of ***Franklinville Central School District’s*** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

__Other Reporting Required by Government Auditing Standards__

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2024, on our consideration of the ***Franklinville Central School District’s*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ***Franklinville Central School District’s*** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ***Franklinville Central School District’s*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 19, 2024

	Balances July 1, 2023	Total Receipts 2023-24	Total Receipts & Balances	Total Payments 2023-24	Balances June 30, 2024
Class of 2024	$ 25,569	$ 19,263	$ 44,832	$ 44,832	$ -
Class of 2025	17,896	24,974	42,870	14,419	28,451
Class of 2026	9,895	10,651	20,546	6,068	14,478
Class of 2027	3,057	3,885	6,942	1,934	5,008
Class of 2028	6,554	26,837	33,391	32,358	1,033
Class of 2029	2,393	11,666	14,059	8,640	5,419
Class of 2030	1,240	9,284	10,524	6,910	3,614
Class of 2031	-	3,830	3,830	3,825	5
Drama Club	10,718	347	11,065	4,256	6,809
Drama Club - Shea's Pac	-	4,023	4,023	3,965	58
Elementary Account	3,156	1,189	4,345	1,058	3,287
Elementary Library	25	2,837	2,862	2,627	235
FFA	1,960	7,676	9,636	7,701	1,935
General Utilities	205	6,812	7,017	6,799	218
Girls Soccer	5	1	6	-	6
F. Golf Club	167	-	167	-	167
Jr./Sr. Prom	1,159	600	1,759	559	1,200
Lady Panther Basketball	1,194	180	1,374	1,085	289
Lady Panther Softball	233	-	233	-	233
National Honor Society	2,217	449	2,666	270	2,396
Jr. National Honor Society	30	-	30	-	30
Pre-K	106	-	106	-	106
Rachel's Challenge	2,867	-	2,867	643	2,224
Science Club	212	-	212	100	112
Spanish Club	2,432	11,510	13,942	10,952	2,990
Special Events	520	-	520	192	328
Student Council	3,522	2,757	6,279	2,455	3,824
TBA Band	2,554	200	2,754	466	2,288
TBA Chorus	194	-	194	-	194
TBA Jacket Fund	938	-	938	-	938
Trap Club	3,037	818	3,855	3,855	-
TBA Cheerleading	37	-	37	-	37
Wrestling Club	3,791	7,590	11,381	5,557	5,824
Yearbook	2,309	9,431	11,740	7,458	4,282
Christmas BB Tournament	362	1,675	2,037	1,664	373
Varsity Swimming (B&G)	159	-	159	-	159
Varsity Track & Field B&G	5,018	19,739	24,757	12,673	12,084
Baseball	293	-	293	-	293
Boys Basketball	1,855	600	2,455	1,058	1,397
Boys Soccer	682	-	682	-	682
Total activity fund	$ 118,561	$ 188,824	$ 307,385	$ 194,379	$ 113,006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund included in the financial statements of the School District. Cash balances of $113,006 are included in the Miscellaneous Special Revenue Fund, with a corresponding amount recorded as committed fund balance.

The accounts of the Extraclassroom Activity Fund of ***Franklinville Central School District*** are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

To the President and
Members of the Board of Education
Franklinville Central School District
Franklinville, New York

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of ***Franklinville Central School District*** as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered ***Franklinville Central School District's*** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Franklinville Central School District's*** internal control. Accordingly, we do not express an opinion on the effectiveness of ***Franklinville Central School District's*** internal control.

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

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

During the course of our audit of the extraclassroom activities, we noted the following item:

Point of Sale Records

We commend the District for its improvement in this area. We recommend the District continue its efforts of ensuring that each cash receipt received by the central treasurer is accompanied by supporting documentation which reconciles cash received to participation times rates/fees.

This communication is intended solely for the information and use of management, Board of Education, and others within ***Franklinville Central School District,*** and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
September 19, 2024

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

September 19, 2024

To the Audit Committee
and Board of Education
Franklinville Central School District
Franklinville, New York

We have audited the financial statements of ***Franklinville Central School District*** as of and for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ***Franklinville Central School District*** are described in Note 1 to the financial statements. There were no new governmental accounting implemented by the District during the current year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

Management's estimate of depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension asset (TRS), a net pension liability (ERS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3V and COVID-19 Pandemic in Note 5 to the financial statements, due to their significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, including combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board and management of ***Franklinville Central School District*** and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.