

**PRELIMINARY OFFICIAL STATEMENT**

**NEW ISSUE**

**BOND ANTICIPATION NOTES**

*In the opinion of Timothy R. McGill Law Offices, Bond Counsel to the District, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986 (the "Code"), interest on the Notes is excludable from gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not a specific preference item for purposes of Federal alternative tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. No opinion is expressed regarding other Federal tax consequences arising with respect to the Notes. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX EXEMPTION" herein for a discussion of certain Federal taxes applicable to owners of the Notes.*

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

**\$6,200,000**  
**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**ONEIDA COUNTY, NEW YORK**

**\$6,200,000 Bond Anticipation Notes, 2025**  
**(the "Notes")**

**Dated: March 27, 2025**

**Due: July 16, 2025**

The Notes are general obligations of the Holland Patent Central School District, Oneida County, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "TAX LEVY LIMITATION LAW" herein.

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as registered notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof, as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof. If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, 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.

The Notes 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 Notes of Timothy R. McGill Law Offices, Fairport, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about March 27, 2025.

**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com) on March 12, 2025 until 10:30 A.M., Prevailing Time, pursuant to the Notice of 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. 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 Notes pursuant to the terms provided in the Notice of Sale.**

March 5, 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 SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX – C, MATERIAL EVENT NOTICES" HEREIN.

# HOLLAND PATENT CENTRAL SCHOOL DISTRICT ONEIDA COUNTY, NEW YORK

## SCHOOL DISTRICT OFFICIALS

### 2024-2025 BOARD OF EDUCATION



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School District Attorney



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

TIMOTHY R. MCGILL, ESQ.  
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**of the**  
**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**ONEIDA COUNTY, NEW YORK**

**Relating To**  
**\$6,200,000 Bond Anticipation Notes, 2025**

This Official Statement, which includes the cover page, has been prepared by the Holland Patent Central School District, Oneida County, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$6,200,000 principal amount of Bond Anticipation Notes, 2025 (the "Notes").

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

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

**NATURE OF THE OBLIGATION**

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

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

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

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

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

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

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

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

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

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

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

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

## THE NOTES

### Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon.

The Notes will be dated March 27, 2025 and will mature, without option of prior redemption, on July 16, 2025. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) registered form registered in the name of the purchaser, in denominations of \$5,000 each or multiples thereof, or (ii) at the option of the purchaser(s), as registered book-entry-only notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

### **No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

### **Purpose of Issue**

The Notes are issued pursuant to the Constitution and laws of the State, including the Education Law, constituting Chapter 16, and the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York and bond resolution adopted by the Board of Education of the District on June 7, 2023, authorizing the reconstruction and equipping of existing school buildings and facilitates, various sites and incidental improvements at an estimated total cost of \$18,850,000 to be financed through the expenditure of \$1,196,068 from the existing capital reserve fund and the issuance of \$17,653,932 serial bonds..

The proceeds of the Notes will provide \$6,200,000 in new monies for the aforementioned project.

### **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry 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 NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

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

## **Certificated Notes**

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

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

## **THE SCHOOL DISTRICT**

### **General Information**

The Holland Patent Central School District, centralized in 1934, covers approximately 115 square miles in the Towns of Deerfield, Floyd, Marcy, Remsen, Steuben, Trenton and Western in Oneida County and the Town of Russia in Herkimer County. The School District is situated approximately twelve miles north of the City of Utica and twelve miles east of the City of Rome.

The School District houses students in four buildings located in the Village of Holland Patent and the Hamlet of Stittville.

While farming is an important industry of the area, there are many large industrial employers and smaller business organizations which offer employment opportunities.

Electricity is provided by National Grid, together with natural gas for some School District residents. Telephone service is provided by Oneida County Rural Telephone Company and Verizon New York Inc. Police protection is provided by the Oneida and Herkimer County Sheriff's Departments and the New York State Police.

Transportation is provided by New York State Routes 274, 365 and 12, with access to the New York State Thruway at Rome and Utica. Air transportation is also available.

Higher educational opportunities are available at the SUNY Polytechnic Institute, the Mohawk Valley Community College and Utica University.

The Cities of Utica, Rome and Syracuse provide convenient cultural and shopping opportunities.

Source: District officials.

### **Population**

The 2023 estimated population of the District is 9,393. (Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates)



## 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 includes the District, are the Towns and the Counties listed below. The figures set below with respect to such Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the Counties are necessarily representative of the District, or vice versa.

|              | <u>Per Capita Income</u> |                  |                  | <u>Median Family Income</u> |                  |                  |
|--------------|--------------------------|------------------|------------------|-----------------------------|------------------|------------------|
|              | <u>2006-2010</u>         | <u>2016-2020</u> | <u>2019-2023</u> | <u>2006-2010</u>            | <u>2016-2020</u> | <u>2019-2023</u> |
| Towns of:    |                          |                  |                  |                             |                  |                  |
| Deerfield    | \$ 26,507                | \$ 39,078        | \$ 47,633        | \$ 68,302                   | \$ 93,125        | \$109,474        |
| Floyd        | 23,647                   | 36,198           | 40,002           | 66,439                      | 87,339           | 101,152          |
| Marcy        | 18,842                   | 29,101           | 34,677           | 82,099                      | 97,424           | 109,574          |
| Remsen       | 22,664                   | 33,492           | 37,592           | 58,229                      | 73,750           | 92,292           |
| Steuben      | 26,929                   | 31,883           | 36,408           | 65,000                      | 88,750           | 82,596           |
| Trenton      | 29,860                   | 33,521           | 44,506           | 76,324                      | 80,568           | 95,750           |
| Western      | 30,185                   | 34,559           | 59,693           | 68,333                      | 84,615           | 99,444           |
| Russia       | 23,567                   | 34,557           | 41,845           | 57,500                      | 77,031           | 101,321          |
| Counties of: |                          |                  |                  |                             |                  |                  |
| Oneida       | 23,458                   | 30,678           | 36,865           | 58,017                      | 74,796           | 88,011           |
| Herkimer     | 21,908                   | 29,540           | 35,959           | 53,288                      | 75,594           | 88,417           |
| State of:    |                          |                  |                  |                             |                  |                  |
| New York     | 30,948                   | 40,898           | 49,520           | 67,405                      | 87,270           | 105,060          |

Note: 2020-2024 American Community Survey estimates are not available as of the date of this Official Statement.

Source: 2006-2010, 2016-2020, and 2019-2023 American Community Survey data.

## 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) are the Counties listed below. The information set forth below with respect to the Counties and New York State is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Counties is necessarily representative of the District, or vice versa.

|                 | <u>Annual Averages</u>      |             |             |             |             |             |             |            |            |            |            |            |
|-----------------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|
|                 | <u>2017</u>                 | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |            |            |            |            |            |
| Oneida County   | 5.0%                        | 4.4%        | 4.1%        | 7.8%        | 5.1%        | 3.6%        | 3.7%        |            |            |            |            |            |
| Herkimer County | 5.7                         | 4.9         | 4.7         | 7.9         | 5.8         | 4.0         | 4.1         |            |            |            |            |            |
| New York State  | 4.6                         | 4.1         | 3.9         | 9.8         | 7.0         | 4.3         | 4.2         |            |            |            |            |            |
|                 | <u>2024 Monthly Figures</u> |             |             |             |             |             |             |            |            |            |            |            |
|                 | <u>Jan</u>                  | <u>Feb</u>  | <u>Mar</u>  | <u>Apr</u>  | <u>May</u>  | <u>Jun</u>  | <u>Jul</u>  | <u>Aug</u> | <u>Sep</u> | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> |
| Oneida County   | 4.4%                        | 4.5%        | 4.3%        | 3.8%        | 3.9%        | 3.8%        | 4.2%        | 4.1%       | 3.3%       | 3.4%       | 3.4%       | 3.6%       |
| Herkimer County | 5.5                         | 5.5         | 5.6         | 4.9         | 4.4         | 4.0         | 4.4         | 4.2        | 3.3        | 3.4        | 3.7        | 4.1        |
| 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        | 4.1        |

Note: Unemployment rates for January, February and March of 2025, and the 2024 annual average are unavailable as of the date of this Official Statement.

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

## **Budgetary Procedures and Recent Budget Votes**

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the School District for the ensuing fiscal year (tentative budget) and distributes that statement not less than seven days prior to the date on which the annual school election is conducted, at which the tentative budget is voted upon. Notice of the annual election is published as required by statute with a first publication not less than forty-five days prior to the day of election.

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 “Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the Tax Cap also must receive at least 60% voter approval.

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

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

### *Recent Budget Votes*

The budget for the 2023-24 fiscal year was approved by qualified voters on May 16, 2023. 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 for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024. 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.

## **Investment Policy**

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposit accounts in, certificates of deposit issued by or a deposit placement program (as provided by statute) with 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) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district or district corporation other than the School District; and (6) in the case of the School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible letter of credit or an eligible surety bond, as each such term is defined in the law, or satisfy the statutory requirements of the deposit placement program.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (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. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian. The School District is not authorized by State Law to invest in reverse repurchase agreements or similar derivative-type investments.

The School District has adopted its own Investment Policy, which, in addition to incorporating all of the provisions of statute enumerated above, further restricts trading partners to commercial banks or trust companies licensed and doing business in New York State. The Policy prohibits investing through any private entity or brokerage firm and provides for written security agreements and/or custodial agreements with each commercial bank or trust company.

## 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 53.20% 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 (See also “MARKET AND RISK FACTORS”).

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, the 2023-24 State Budget which was not adopted until May 3, 2023 and the 2025-26 State Budget which was not adopted until April 20, 2024. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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 2025-26 preliminary building aid ratios, the District expects to receive State building aid of approximately 83.5% 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:*

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

*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 includes \$34.5 billion for school aid, an increase of \$3.1 billion or 10%, which is the highest level of State aid to date. The States 2023-24 Budget also provides 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 provides \$134 million to increase access to free school meals. An additional \$20 million in grant funding will establish 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.

### State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years, unaudited and budgeted figures comprised of State aid.

| <u>Fiscal Year</u>   | <u>Total Revenues</u> | <u>Total State Aid</u> | <u>Percentage of Total Revenues Consisting of State Aid</u> |
|----------------------|-----------------------|------------------------|-------------------------------------------------------------|
| 2019-2020            | \$32,882,682          | \$18,138,027           | 55.16%                                                      |
| 2020-2021            | 33,406,159            | 18,034,113             | 53.98                                                       |
| 2021-2022            | 33,101,746            | 18,266,674             | 55.18                                                       |
| 2022-2023            | 35,234,302            | 19,640,485             | 55.74                                                       |
| 2023-2024            | 36,671,951            | 20,149,177             | 54.94                                                       |
| 2024-2025 (Budgeted) | 37,829,733            | 20,125,739             | 53.20                                                       |

Source: Audited financial statements for the 2019-20 through 2023-24 fiscal years, and adopted budgets of the District for the 2024-25 fiscal year. This table is not audited.

### District Facilities

| <u>Name</u>                             | <u>Grades</u> | <u>Capacity</u> | <u>Year Built/Date of Last Addition or Alteration</u> |
|-----------------------------------------|---------------|-----------------|-------------------------------------------------------|
| General William Floyd Elementary School | Pre-K-2       | 594             | 1960/2021                                             |
| Holland Patent Elementary School        | 3-5           | 583             | 1955/2021                                             |
| Holland Patent Middle School            | 6-8           | 785             | 1936/2021                                             |
| Holland Patent High School              | 9-12          | 881             | 1970/2021                                             |

Source: District officials.

## Enrollment Trends

| <u>School Year</u> | <u>Actual Enrollment</u> | <u>School Year</u> | <u>Projected Enrollment</u> |
|--------------------|--------------------------|--------------------|-----------------------------|
| 2020-2021          | 1,341                    | 2025-2026          | 1,325                       |
| 2021-2022          | 1,226                    | 2026-2027          | 1,325                       |
| 2022-2023          | 1,310                    | 2027-2028          | 1,325                       |
| 2023-2024          | 1,269                    | 2028-2029          | 1,325                       |
| 2024-2025          | 1,332                    | 2029-2030          | 1,325                       |

Source: District officials.

## Employees

The District employs approximately 250 full-time employees. The number of employees represented by unions, the names of the collective bargaining agents and the contract expiration dates are as follows:

| <u>Number of Employees</u> | <u>Bargaining Unit</u>                                | <u>Contract Expiration Date</u> |
|----------------------------|-------------------------------------------------------|---------------------------------|
| 143                        | Teachers' Association (NYSUT-Affiliated)              | June 30, 2027                   |
| 101                        | Non-Teaching Personnel Unit of CSEA (CSEA-Affiliated) | June 30, 2026                   |
| 6                          | Administrators' Association (SAANYS-Affiliated)       | 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.
- 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 contributions for the below fiscal years are as follows:

| <u>Fiscal Year</u>   | <u>ERS</u> | <u>TRS</u> |
|----------------------|------------|------------|
| 2019-2020            | \$ 448,704 | \$ 881,013 |
| 2020-2021            | 469,582    | 925,579    |
| 2021-2022            | 486,290    | 1,010,729  |
| 2022-2023            | 384,364    | 1,161,989  |
| 2023-2024            | 419,072    | 1,001,778  |
| 2024-2025 (Budgeted) | 730,510    | 1,432,186  |

Source: School District officials.

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually.

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 currently does not offer any early retirement incentive programs for its employees.

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

A chart of average ERS and TRS rates as a percent of payroll (2020 to 2025) is shown below:

| <u>Year</u> | <u>ERS</u> | <u>TRS</u> |
|-------------|------------|------------|
| 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.

## **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. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District’s 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 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

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.

The District contracted with Questar III BOCES to calculate its actuarial valuation under GASB 75. The following table outlines the changes to the Total OPEB Liability for the below fiscal years, by source.

|                                          | Balance beginning at June 30: | 2022                 | 2023                 |
|------------------------------------------|-------------------------------|----------------------|----------------------|
| <u>Changes for the year:</u>             |                               | <u>\$ 52,164,766</u> | <u>\$ 60,837,855</u> |
| Service cost                             |                               | 2,180,596            | 2,643,169            |
| Interest                                 |                               | 1,896,451            | 2,287,302            |
| Effect of demographic gains or losses    |                               | (326,889)            | -                    |
| Effects of assumptions changes or inputs |                               | 6,483,100            | (2,795,063)          |
| Changes of benefit terms                 |                               | -                    | -                    |
| Benefit payments                         |                               | <u>(1,560,169)</u>   | <u>(1,645,138)</u>   |
| Net Changes                              |                               | <u>\$ 8,673,089</u>  | <u>\$ 490,270</u>    |
|                                          | Balance ending at June 30:    | 2023                 | 2024                 |
|                                          |                               | <u>\$ 60,837,855</u> | <u>\$ 61,328,125</u> |

Source: Audited Financial Statements of the District. The above table is not audited. For additional information regarding the District’s OPEB liability see “APPENDIX – C” attached hereto.

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.

**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 School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2024 and has been filed with the Electronic Municipal Market Access (“EMMA”) website. It is also attached hereto as APPENDIX-C to this Official Statement. Certain financial information of the School District can also be found attached as Appendices to the Official Statement.

The School District complies with the Uniform System of Accounts as prescribed by the State Comptroller for school districts in New York State. Except for the accounting for fixed assets, this system conforms to generally accepted accounting principles as prescribed by the American Institute of Certified Public Accounts' Industry 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, 2003 the School District will issue 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 the Management’s Discussion and Analysis. The School District is in compliance with Statement No. 34.

## New York State Comptroller Report of Examination

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

The most recent State Comptroller audit report of the District dated January 5, 2024 was to determine whether District officials safeguarded and accounted for fuel inventory for the period July 1, 2021 through July 11, 2023.

### Key Findings:

District officials did not adequately manage and monitor fuel access and usage or account for fuel inventory. As a result, seven enabled fuel user accounts were not needed and authorized transportation department employees completed 117 usage transactions during our test period by sharing Personal Identification Numbers (PINs) and/ or vehicle fobs to fuel buses. This reduces accountability and increases the risk that fuel could be stolen or misused without detection. Officials did not:

- Develop written procedures to help ensure fuel inventories were adequately managed.
- Review fuel usage reports to monitor user access and vehicle fuel use for reasonableness.
- Maintain perpetual fuel inventory records and periodically reconcile the records with the amount of fuel in the tanks.

### Key Recommendations:

- Establish a control system that safeguards the District's fuel from loss and misuse.
- Periodically review fuel usage reports and maintain and reconcile fuel inventory records.

A copy of the complete report and the District's response can be found via the website of the Office of the New York State Comptroller.

As of the date of this Official Statement, there have been no other State Comptroller audits of the District, nor are there 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 accuracy of information therein, and the website is not incorporated herein by reference.

## The State Comptroller's Fiscal Stress Monitoring System

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

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

The classification of the District for the three most recent available fiscal years are as follows:

| <u>Fiscal Year Ending In</u> | <u>Stress Designation</u> | <u>Fiscal Score</u> |
|------------------------------|---------------------------|---------------------|
| 2024                         | No Designation            | 3.3                 |
| 2023                         | No Designation            | 3.3                 |
| 2022                         | No Designation            | 0.0                 |

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

**TAX INFORMATION**

**Taxable Assessed Valuation**

| <u>Fiscal Year Ending June 30:</u> | <u>2021</u>           | <u>2022</u>           | <u>2023</u>           | <u>2024</u>               | <u>2025</u>           |
|------------------------------------|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| Towns of:                          |                       |                       |                       |                           |                       |
| Deerfield                          | \$ 566,394            | \$ 567,365            | \$ 565,702            | \$ 549,094                | \$ 544,655            |
| Floyd                              | 138,050,510           | 140,387,169           | 141,360,477           | 141,776,463               | 143,801,224           |
| Marcy                              | 43,878,789            | 44,623,268            | 44,807,267            | 44,810,105                | 45,542,526            |
| Remsen                             | 814,933               | 857,774               | 873,939               | 875,783                   | 818,143               |
| Steuben                            | 27,441,551            | 27,959,748            | 28,201,700            | 28,431,143                | 28,598,642            |
| Trenton                            | 196,331,833           | 197,633,844           | 197,132,356           | 199,348,097               | 200,997,544           |
| Western                            | 27,445,651            | 28,038,044            | 27,977,624            | 67,145,490 <sup>(1)</sup> | 67,120,682            |
| Russia                             | 10,553,612            | 10,561,073            | 10,317,251            | 10,431,006                | 10,388,672            |
| <b>Total Assessed Values</b>       | <b>\$ 445,083,273</b> | <b>\$ 181,934,289</b> | <b>\$ 451,236,316</b> | <b>\$ 493,367,181</b>     | <b>\$ 497,812,088</b> |

State Equalization Rates

|           |        |        |        |                        |         |
|-----------|--------|--------|--------|------------------------|---------|
| Towns of: |        |        |        |                        |         |
| Deerfield | 13.10% | 12.50% | 10.85% | 9.45%                  | 9.55%   |
| Floyd     | 83.50% | 81.00% | 68.00% | 57.00%                 | 59.00%  |
| Marcy     | 66.50% | 68.00% | 62.00% | 54.00%                 | 53.00%  |
| Remsen    | 50.00% | 50.00% | 48.00% | 45.00%                 | 42.00%  |
| Steuben   | 95.50% | 84.00% | 75.00% | 70.00%                 | 67.00%  |
| Trenton   | 60.00% | 60.00% | 53.00% | 46.00%                 | 46.00%  |
| Western   | 53.00% | 50.00% | 48.00% | 100.00% <sup>(1)</sup> | 100.00% |
| Russia    | 98.50% | 95.90% | 84.75% | 75.00%                 | 71.90%  |

Taxable Full Valuations

|                                     |                       |                       |                       |                           |                       |
|-------------------------------------|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------|
| Towns of:                           |                       |                       |                       |                           |                       |
| Deerfield                           | \$ 4,323,618          | \$ 4,538,920          | \$ 5,213,843          | \$ 5,810,519              | \$ 5,703,194          |
| Floyd                               | 165,329,952           | 173,317,493           | 207,883,054           | 248,730,637               | 243,730,888           |
| Marcy                               | 65,983,141            | 65,622,453            | 72,269,785            | 82,981,676                | 85,929,294            |
| Remsen                              | 1,629,866             | 1,715,548             | 1,820,706             | 1,946,184                 | 1,947,960             |
| Steuben                             | 28,734,608            | 33,285,414            | 37,602,267            | 40,615,919                | 42,684,540            |
| Trenton                             | 327,219,722           | 329,389,740           | 371,947,842           | 433,365,428               | 436,951,183           |
| Western                             | 51,784,247            | 56,076,088            | 58,286,717            | 67,145,490 <sup>(1)</sup> | 67,120,682            |
| Russia                              | 10,714,327            | 11,012,589            | 12,173,747            | 13,908,008                | 14,448,779            |
| <b>Total Taxable Full Valuation</b> | <b>\$ 655,719,482</b> | <b>\$ 674,958,245</b> | <b>\$ 767,197,962</b> | <b>\$ 894,503,861</b>     | <b>\$ 898,516,519</b> |

<sup>(1)</sup> A revaluation was conducted in the Town of Western, first affecting the 2023-2024 fiscal year.

Source: District officials.

**Tax Rate Per \$1,000 (Assessed)**

| <u>Fiscal Year Ending June 30:</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u>          | <u>2025</u> |
|------------------------------------|-------------|-------------|-------------|----------------------|-------------|
| Towns of:                          |             |             |             |                      |             |
| Deerfield                          | \$ 155.31   | \$ 159.81   | \$ 165.59   | \$ 166.94            | \$ 169.23   |
| Floyd                              | 24.37       | 24.66       | 26.41       | 27.68                | 27.39       |
| Marcy                              | 30.60       | 29.38       | 28.97       | 29.21                | 30.49       |
| Remsen                             | 40.69       | 39.95       | 37.42       | 35.06                | 38.47       |
| Steuben                            | 21.30       | 23.78       | 23.95       | 22.53                | 24.12       |
| Trenton                            | 33.91       | 33.29       | 33.89       | 34.30                | 35.13       |
| Western                            | 38.39       | 39.95       | 37.42       | 15.78 <sup>(1)</sup> | 16.16       |
| Russia                             | 20.66       | 20.83       | 21.19       | 21.03                | 22.47       |

<sup>(1)</sup> A revaluation was conducted in the Town of Western, first affecting the 2023-2024 fiscal year.

Source: District officials.

**Tax Collection Procedure**

School taxes are due September 2. If paid by October 1, no penalty is imposed. There is a 2% penalty imposed if paid between October 2 and November 1, a 3% penalty is imposed if paid by November 6. Unpaid taxes are turned over to the County Treasurer on November 14 for collection until December 8, and relevy on County/Town tax rolls. Payments are to be made to the School District Tax Collector.

The School District is reimbursed by the counties for all unpaid taxes the first week in April of each year and is thus assured 100% collection of its annual levy.

**Tax Levy and Tax Collection Record**

| <u>Fiscal Year Ending June 30:</u> | <u>2021</u>   | <u>2022</u>   | <u>2023</u>   | <u>2024</u>   | <u>2025</u>   |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total Tax Levy <sup>(1)</sup>      | \$ 13,371,408 | \$ 13,512,885 | \$ 13,809,637 | \$ 14,141,722 | \$ 14,581,455 |
| STAR Program                       | 1,929,792     | 1,851,062     | 1,860,282     | 1,707,656     | 1,500,375     |
| Net Taxes <sup>(2)</sup>           | 11,441,616    | 11,661,823    | 11,949,355    | 12,434,066    | 13,081,080    |
| Amount Uncollected <sup>(3)</sup>  | 719,913       | 730,376       | 529,308       | 559,533       | N/A           |
| % Uncollected                      | 6.29%         | 6.26%         | 4.43%         | 4.50%         | N/A           |

(1) Includes library.

(2) After STAR Program.

(3) See "Tax Collection Procedure" herein.

Source: District officials.

**Real Property Tax Revenues**

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years, and budgeted figures for the current fiscal year comprised of Real Property Taxes and Tax Items.

| <u>Fiscal Year</u>   | <u>Total Revenues</u> | <u>Total Property Taxes &amp; Items</u> | <u>Percentage of Total Revenues Consisting of Property Taxes</u> |
|----------------------|-----------------------|-----------------------------------------|------------------------------------------------------------------|
| 2019-2020            | \$ 32,882,682         | \$ 13,176,354                           | 40.07%                                                           |
| 2020-2021            | 33,406,159            | 13,485,025                              | 40.37                                                            |
| 2021-2022            | 33,101,746            | 13,552,559                              | 40.94                                                            |
| 2022-2023            | 35,234,302            | 13,889,022                              | 39.42                                                            |
| 2023-2024            | 36,671,954            | 14,223,604                              | 38.79                                                            |
| 2024-2025 (Budgeted) | 37,829,733            | 14,661,900                              | 38.76                                                            |

(1) Does not include interfund transfers or appropriated fund balance, where applicable.

Source: Audited financial statements for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year and adopted budget of the District for the 2024-2025 fiscal year. This table is not audited.

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## Ten Largest Taxpayers – 2024 Assessment Roll for 2024-2025 District Tax Roll

| <u>Name</u>                       | <u>Type</u> | <u>Taxable Full Valuation</u> |
|-----------------------------------|-------------|-------------------------------|
| National Grid                     | Utility     | \$ 32,382,526 <sup>(1)</sup>  |
| Erie Hydropower                   | Utility     | 27,832,216 <sup>(1)</sup>     |
| DTT Realty LLC                    | Realty      | 4,346,415                     |
| Joseph Burkert                    | Residential | 1,592,415                     |
| Barbant Realty, LLC               | Realty      | 1,379,400                     |
| Time Warner Utica                 | Utility     | 1,279,002                     |
| Oneida Rural Telephone            | Utility     | 1,149,712                     |
| Dow Richard Jr.                   | Residential | 1,060,400                     |
| Waterman Darrel                   | Residential | 905,900                       |
| Iroquois Gas Transmission Company | Utility     | 844,710                       |

<sup>(1)</sup> Erie Hydropower and National Grid have pending tax certiorari claims against the District, with an aggregate estimated potential liability of \$2,207,770 and \$79,786, respectively, for a total estimated potential liability of \$1,646,930, excluding interest.

The ten larger taxpayers listed above have a total taxable full valuation of \$72,772,696, which represented 8.1% of the tax base of the District for the 2024-2025 fiscal year.

Apart from those listed above, the District does not currently have any pending or outstanding tax certiorari claims which, if decided adversely to the District, are anticipated to have a material impact on the finances of the District.

Source: District officials.

### 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.

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 municipalities applicable to the District:

| <u>Towns of:</u> | <u>Enhanced Exemption</u> | <u>Basic Exemption</u> | <u>Date Certified</u> |
|------------------|---------------------------|------------------------|-----------------------|
| Deerfield        | \$ 7,940                  | \$ 2,970               | 4/9/2024              |
| Floyd            | 49,260                    | 19,250                 | 4/9/2024              |
| Marcy            | 45,360                    | 16,550                 | 4/9/2024              |
| Remsen           | 37,800                    | 13,500                 | 4/9/2024              |
| Steuben          | 58,800                    | 21,000                 | 4/9/2024              |
| Trenton          | 38,640                    | 14,260                 | 4/9/2024              |
| Western          | 93,570                    | 34,490                 | 4/9/2024              |
| Russia           | 63,000                    | 22,790                 | 4/9/2024              |

\$1,707,636 of the District’s \$14,111,722 school tax levy for 2023-24 was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2024.

\$1,500,375 of the District’s \$14,521,455 school tax levy for 2024-25 is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State by January, 2025.

**Additional Tax Information**

Real property located in the District is assessed by the Towns.

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 District is approximately \$3,112 including State, Counties, Town, School District and Fire District Taxes.

**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.

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.

See "THE SCHOOL DISTRICT – Budgetary Procedures and Recent Budget Votes" herein for additional information regarding the District's Tax Levy.

## 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 otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the District and the Notes 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 corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The School 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 determined by statute; unless substantially level or declining annual debt service is authorized by the Board of Education and 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 or such required annual installments on its notes.

### Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the District to borrow and incur indebtedness by the enactment of the Local Finance Law, 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 has the power to contract indebtedness for any School District purpose provided that the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District as required by the Local Finance Law and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining



full valuation is by dividing the assessed valuation of taxable real estate for the last completed assessment roll by the equalization rate established by the State Office of Real Property Services in accordance with applicable State law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The District complied with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

Statutory Law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

### Debt Outstanding End of Fiscal Year

| <u>Fiscal Year Ending June 30<sup>th</sup>:</u> | <u>2020</u>   | <u>2021</u>   | <u>2022</u>    | <u>2023</u>   | <u>2024</u>   |
|-------------------------------------------------|---------------|---------------|----------------|---------------|---------------|
| Bonds                                           | \$ 9,150,000  | \$ 17,809,000 | \$ 16,005,000  | \$ 13,895,000 | \$ 11,925,000 |
| Bond Anticipation Notes                         | 1,330,000     | 1,103,707     | 1,103,306      | 1,085,426     | 1,085,528     |
| Energy Performance Contracts                    | 1,897,396     | 1,722,724     | 1,542,604      | 1,356,866     | 1,165,335     |
| Leases                                          | <u>0</u>      | <u>0</u>      | <u>146,857</u> | <u>74,105</u> | <u>0</u>      |
| Total Debt Outstanding                          | \$ 12,377,396 | \$ 20,635,431 | \$ 18,797,767  | \$ 16,411,397 | \$ 14,175,863 |

### Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of March 5, 2025.

| <u>Type of Indebtedness</u>    | <u>Maturity</u>    | <u>Amount</u>        |
|--------------------------------|--------------------|----------------------|
| Bonds                          | 2025-2045          | \$ 11,925,000        |
| <u>Bond Anticipation Notes</u> |                    |                      |
| School buses                   | August 29, 2025    | <u>1,246,347</u>     |
|                                | Total Indebtedness | <u>\$ 13,171,347</u> |

**Debt Statement Summary**

Debt Limit and Net Debt-Contracting Margin prepared as of March 5, 2025:

|                                               |    |             |
|-----------------------------------------------|----|-------------|
| Full Valuation of Taxable Real Property ..... | \$ | 898,516,519 |
| Debt Limit - 10% thereof .....                |    | 89,851,652  |

Inclusions:

|                                                        |    |                   |                      |
|--------------------------------------------------------|----|-------------------|----------------------|
| Bonds.....                                             | \$ | 11,925,000        |                      |
| Bond Anticipation Notes (BANs):.....                   |    | <u>1,246,347</u>  |                      |
| Total Inclusions prior to issuance of the Notes .....  |    | <u>13,171,347</u> |                      |
| Less: BANs being redeemed from appropriations .....    |    | (0)               |                      |
| Add: New money proceeds of the Notes .....             |    | <u>6,200,000</u>  |                      |
| Total Net Inclusions after issuance of the Notes ..... |    |                   | <u>\$ 19,371,347</u> |

Exclusions:

|                                         |    |          |             |
|-----------------------------------------|----|----------|-------------|
| State Building Aid <sup>(1)</sup> ..... | \$ | <u>0</u> |             |
| Total Exclusions .....                  |    |          | <u>\$ 0</u> |

|                                                          |    |                   |
|----------------------------------------------------------|----|-------------------|
| Total Net Indebtedness .....                             | \$ | <u>19,371,347</u> |
| Net Debt-Contracting Margin .....                        | \$ | <u>70,480,305</u> |
| The percent of debt contracting power exhausted is ..... |    | 21.56%            |

<sup>(1)</sup> Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 83.5% 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 the outstanding bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

**Bonded Debt Service**

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

**Capital Project Plans**

The District typically issues bond anticipation notes on an annual basis for the purchase of school buses.

District voters have approved a capital project in the amount of \$18.85 million for the purpose of the construction and reconstruction of various District buildings and facilities. The District intends to use approximately \$1.2 million reserve funds, with the balance to be financed. The notes will provide \$6,200,000 new money for the aforementioned purpose.

**Cash Flow Borrowing**

The District has not issued tax anticipation notes and/or revenue anticipation notes within the past five years, nor does it plan on issuing any in the foreseeable future, nor budget nor deficiency notes.

## Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The estimated outstanding indebtedness of such political subdivisions as of the close of the respective fiscal years is as follows:

| <u>Municipality</u> | <u>Status of Debt as of</u> | <u>Gross Indebtedness</u> <sup>(1)</sup> | <u>Exclusions</u> <sup>(2)</sup> | <u>Net Indebtedness</u> | <u>District Share</u> | <u>Applicable Indebtedness</u> |
|---------------------|-----------------------------|------------------------------------------|----------------------------------|-------------------------|-----------------------|--------------------------------|
| County of:          |                             |                                          |                                  |                         |                       |                                |
| Oneida              | 6/28/2024                   | \$ 455,413,397 <sup>(3)</sup>            | \$ 293,223,397                   | \$ 162,190,000          | 5.21%                 | \$ 8,450,099                   |
| Herkimer            | 6/28/2024                   | 14,455,000 <sup>(3)</sup>                | 1,925,000                        | 12,530,000              | 0.21%                 | 26,313                         |
| Town of:            |                             |                                          |                                  |                         |                       |                                |
| Deerfield           | 6/28/2024                   | 3,264,200 <sup>(3)</sup>                 | 1,739,200                        | 1,525,000               | 1.29%                 | 19,673                         |
| Floyd               | 12/31/2023                  | 429,782 <sup>(4)</sup>                   | - <sup>(5)</sup>                 | 429,782                 | 80.75%                | 347,049                        |
| Marcy               | 12/31/2023                  | 2,030,000 <sup>(4)</sup>                 | - <sup>(5)</sup>                 | 2,030,000               | 11.18%                | 226,954                        |
| Remsen              | 12/31/2023                  | - <sup>(4)</sup>                         | -                                | -                       | 1.18%                 | -                              |
| Steuben             | 12/31/2023                  | - <sup>(4)</sup>                         | -                                | -                       | 39.68%                | -                              |
| Trenton             | 12/31/2023                  | 587,877 <sup>(4)</sup>                   | - <sup>(5)</sup>                 | 587,877                 | 95.15%                | 559,365                        |
| Western             | 12/31/2023                  | - <sup>(4)</sup>                         | -                                | -                       | 35.55%                | -                              |
| Russia              | 12/31/2023                  | - <sup>(4)</sup>                         | -                                | -                       | 5.08%                 | -                              |
| Village of:         |                             |                                          |                                  |                         |                       |                                |
| Holland Patent      | 5/31/2023                   | - <sup>(4)</sup>                         | -                                | -                       | 100.00%               | -                              |
|                     |                             |                                          |                                  |                         | <b>Total:</b>         | <b>\$ 9,629,452</b>            |

- <sup>(1)</sup> 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.
- <sup>(2)</sup> 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.
- <sup>(3)</sup> Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.
- <sup>(4)</sup> 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.
- <sup>(5)</sup> Information regarding excludable debt not available.

## Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of March 5, 2025:

|                                                                         | <u>Amount</u> | <u>Per Capita</u> <sup>(a)</sup> | <u>Percentage of Full Value</u> <sup>(b)</sup> |
|-------------------------------------------------------------------------|---------------|----------------------------------|------------------------------------------------|
| Net Indebtedness <sup>(c)</sup> .....                                   | \$ 19,371,347 | \$ 2,062.32                      | 2.16%                                          |
| Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> ..... | 29,000,799    | 3,087.49                         | 3.28                                           |

- <sup>(a)</sup> The 2022 estimated population of the District is 9,393. (See "THE SCHOOL DISTRICT - Population" herein.)
- <sup>(b)</sup> The District's full value of taxable real estate for the 2024-25 fiscal year is \$898,516,519. (See "TAX INFORMATION - Taxable Assessed Valuations" herein.)
- <sup>(c)</sup> See "Debt Statement Summary" herein for the calculation of Net Direct Indebtedness.
- <sup>(d)</sup> Estimated net overlapping indebtedness is \$9,629,452. (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

**State Aid Intercept For School Districts.** In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

**General Municipal Law Contract Creditors' Provision.** Each Note when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

**Execution/Attachment of Municipal Property.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the School District may not be enforced by levy and execution against property owned by the School District.

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

**Constitutional Non-Appropriation Provision.** There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies

have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

**Default Litigation.** In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

**No Past Due Debt.** No principal of or interest on School District indebtedness is past due.

## MARKET AND RISK FACTORS

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

The financial and economic condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State and in other jurisdictions, 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 Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues 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").

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 MATTERS

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – D” hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes may otherwise affect a Owner's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Legislative proposals in recent years generally would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes.

**PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION, AS TO WHICH BOND COUNSEL EXPRESSES NO OPINION.**

## **LEGAL MATTERS**

The validity of the Notes will be covered by the unqualified legal opinion of Timothy R. McGill, Esq., Fairport, New York, Bond Counsel to the District, such opinion to be delivered with the Notes. The proposed form of such opinion is attached hereto as "APPENDIX – D".

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 genuineness 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 Notes 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 Notes 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 Notes, 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.

## **CONTINUING DISCLOSURE**

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into an Undertaking to Provide Notice of Material Events Certificate, a description of which, is attached hereto as “APPENDIX – C”.

### **Historical Continuing Disclosure 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.

## **LITIGATION**

The District is subject to a number of lawsuits in the ordinary conduct of its affairs, including the receipt of a notice of claim for a personal injury matter. 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.

The District has pending tax certiorari proceedings with two of its larger taxpayers. (See “TAX INFORMATION – Ten Largest Taxpayers – 2024 Assessment Roll for 2024-2025 District Tax Roll” herein.)

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 bonds or notes 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 notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of bonds and notes or contesting the corporate existence or boundaries of the District.

## **RATINGS**

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District’s Continuing Disclosure Undertakings. (See “APPENDIX C – MATERIAL EVENT NOTICES” herein.)

Moody’s Investors Service, Inc. has assigned a rating of “Aa3” with no outlook to the District’s outstanding general obligation bonds. A rating reflects only the view of the rating agency assigning such rating any desired explanation of the significance of such rating should be obtained from Moody’s Investors Services, 7 World Trade Center, 250 Greenwich St., New York, New York 10007, Phone: (212) 553-0038.

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.

## **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 Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes.

## 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 Notes. All expenses in relation to the printing of CUSIP numbers on the Notes 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.

## 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 Notes.

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 Notes.

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

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 Notes, 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 Notes 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.

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



The District's contact information is as follows: Nicholas Panuccio, Assistant Superintendent for Business and Finance, Holland Patent Central School District, 9601 Main Street, Holland Patent, New York 13354, telephone (315) 865-7200, email [npanuccio@hpschools.org](mailto:npanuccio@hpschools.org).

Additional information may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at [www.fiscaladvisors.com](http://www.fiscaladvisors.com)

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**

**Dated: March 5, 2025**

**KATHLEEN SMYTH**  
**PRESIDENT OF THE BOARD OF EDUCATION**

GENERAL FUND

Balance Sheets

| Fiscal Years Ending June 30:                         | 2020                 | 2021                 | 2022                 | 2023                 | 2024                 |
|------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>ASSETS</b>                                        |                      |                      |                      |                      |                      |
| Cash and Cash Equivalents                            | \$ 5,329,858         | \$ 3,694,883         | \$ 4,662,105         | \$ 3,162,735         | \$ 898,158           |
| Restricted Cash and Cash Equiv. & Restricted Invest. | 7,461,960            | 12,163,506           | 12,416,325           | 13,285,638           | 15,986,043           |
| Receivables                                          |                      |                      |                      |                      |                      |
| Due from Other Governments                           | 1,211,244            | 1,652,009            | 1,305,259            | 2,478,728            | 1,485,024            |
| Due from Other Funds                                 | 5,249,627            | 1,136,996            | 529,333              | 1,371,198            | 1,053,363            |
| Other Receivables                                    | 9,679                | 127,595              | 212,205              | 70,050               | 191,412              |
| Inventory                                            | -                    | -                    | -                    | -                    | -                    |
| Other Assets                                         | -                    | -                    | -                    | -                    | -                    |
| <b>TOTAL ASSETS</b>                                  | <b>\$ 19,262,368</b> | <b>\$ 18,774,989</b> | <b>\$ 19,125,227</b> | <b>\$ 20,368,349</b> | <b>\$ 19,614,000</b> |
| <b>LIABILITIES AND FUND EQUITY</b>                   |                      |                      |                      |                      |                      |
| Accounts Payable                                     | \$ 271,204           | \$ 84,006            | \$ 909               | \$ 23,395            | \$ -                 |
| Accrued Liabilities                                  | 169,347              | 582,817              | 132,485              | 1,105,604            | 125,402              |
| Due to Other Funds                                   | 2,748,751            | -                    | -                    | -                    | 101,050              |
| Due to Other Governments                             | -                    | -                    | -                    | 102,738              | -                    |
| Due to Teachers' Retirement System                   | 938,075              | 1,004,421            | 1,142,872            | 1,270,455            | 1,231,794            |
| Due to Employees' Retirement System                  | 114,072              | 127,365              | 93,378               | 102,911              | 122,428              |
| Accrued Interest Payable                             | -                    | -                    | -                    | -                    | 40,550               |
| Bond Interest and Matured Bonds                      | 17,958               | 5,356                | 2,448                | 25,580               | -                    |
| Overpayments and Collections in Advance              | -                    | -                    | -                    | -                    | -                    |
| Unearned Revenue                                     | 241,658              | -                    | -                    | -                    | -                    |
| <b>TOTAL LIABILITIES</b>                             | <b>\$ 4,501,065</b>  | <b>\$ 1,803,965</b>  | <b>\$ 1,372,092</b>  | <b>\$ 2,630,683</b>  | <b>\$ 1,621,224</b>  |
| <b>FUND EQUITY</b>                                   |                      |                      |                      |                      |                      |
| Nonspendable                                         | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Restricted:                                          | -                    | -                    | -                    | -                    | -                    |
| Reserves for:                                        |                      |                      |                      |                      |                      |
| Capital                                              | -                    | 3,500,000            | 4,046,030            | 5,072,254            | 5,010,428            |
| Employee Benefits Accrued Liability                  | 1,262,208            | 1,363,217            | 1,363,482            | 1,406,781            | 1,482,151            |
| Insurance                                            | 102,997              | 103,078              | 103,098              | 106,372              | 112,071              |
| Repairs                                              | 2,604                | 2,606                | 2,606                | 2,689                | 2,833                |
| Retirement Contribution                              | 4,705,132            | -                    | -                    | -                    | -                    |
| Due to State TRS                                     | -                    | 201,739              | 427,218              | 677,782              | 957,000              |
| Due to State ERS                                     | -                    | 5,602,754            | 5,083,508            | 4,870,145            | 4,719,425            |
| Tax Certiorari                                       | 795,439              | 796,065              | 796,220              | 536,584              | 1,158,558            |
| Unemployment Insurance                               | 125,061              | 125,159              | 125,184              | 129,159              | 136,079              |
| Workers' Compensation                                | 468,519              | 468,888              | 468,979              | 483,872              | 509,796              |
| Assigned:                                            |                      |                      |                      |                      |                      |
| Encumbrances                                         | 118,893              | 12,203               | 75,923               | 125,030              | 21,170               |
| Designated for Subsequent Year's Expenditures        | 4,487,618            | 2,000,000            | 2,000,000            | 2,000,000            | 2,306,774            |
| Unassigned                                           | 2,692,832            | 2,795,315            | 3,260,887            | 2,326,998            | 1,576,491            |
| <b>TOTAL FUND EQUITY</b>                             | <b>\$ 14,761,303</b> | <b>\$ 16,971,024</b> | <b>\$ 17,753,135</b> | <b>\$ 17,737,666</b> | <b>\$ 17,992,776</b> |
| <b>TOTAL LIABILITIES and FUND EQUITY</b>             | <b>\$ 19,262,368</b> | <b>\$ 18,774,989</b> | <b>\$ 19,125,227</b> | <b>\$ 20,368,349</b> | <b>\$ 19,614,000</b> |

Source: Audited Financial Statements of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

| Fiscal Years Ending June 30:                   | <u>2020</u>          | <u>2021</u>          | <u>2022</u>          | <u>2023</u>          | <u>2024</u>          |
|------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>REVENUES</b>                                |                      |                      |                      |                      |                      |
| Real Property Taxes                            | \$ 11,213,262        | \$ 11,585,511        | \$ 11,747,907        | \$ 12,108,192        | \$ 12,519,965        |
| Other Real Property Tax Items                  | 1,963,092            | 1,899,514            | 1,804,652            | 1,780,830            | 1,703,639            |
| Charges for Services                           | 33,501               | 94,378               | 74,204               | 19,852               | 6,830                |
| Use of Money & Property                        | 116,719              | 26,218               | 7,282                | 399,703              | 1,052,300            |
| Sale of Property and<br>Compensation for Loss  | 1,162                | 14,805               | 811                  | 8,307                | 1,834                |
| Miscellaneous                                  | 1,350,023            | 1,300,810            | 1,069,459            | 1,131,980            | 1,125,188            |
| Revenues from State Sources                    | 18,138,027           | 18,034,113           | 18,266,674           | 19,640,485           | 20,149,177           |
| Revenues from Federal Sources                  | 66,896               | 450,810              | 130,757              | 144,953              | 113,018              |
| <b>Total Revenues</b>                          | <b>\$ 32,882,682</b> | <b>\$ 33,406,159</b> | <b>\$ 33,101,746</b> | <b>\$ 35,234,302</b> | <b>\$ 36,671,951</b> |
| Other Sources:                                 |                      |                      |                      |                      |                      |
| Interfund Transfers                            | -                    | 369,678              | 65,272               | 21,258               | 6,629                |
| <b>Total Revenues and Other Sources</b>        | <b>\$ 32,882,682</b> | <b>\$ 33,775,837</b> | <b>\$ 33,167,018</b> | <b>\$ 35,255,560</b> | <b>\$ 36,678,580</b> |
| <b>EXPENDITURES</b>                            |                      |                      |                      |                      |                      |
| General Support                                | \$ 3,780,739         | \$ 4,285,918         | \$ 4,467,000         | \$ 4,763,692         | \$ 4,839,094         |
| Instruction                                    | 15,782,106           | 15,284,829           | 15,338,304           | 16,827,617           | 17,703,531           |
| Pupil Transportation                           | 1,592,807            | 1,385,787            | 1,737,482            | 1,912,627            | 1,918,366            |
| Community Services                             | -                    | -                    | -                    | -                    | -                    |
| Employee Benefits                              | 7,114,291            | 7,320,111            | 7,637,510            | 8,335,178            | 7,923,331            |
| Debt Service                                   | 2,850,080            | 3,239,632            | 3,026,207            | 3,304,817            | 3,095,033            |
| <b>Total Expenditures</b>                      | <b>\$ 31,120,023</b> | <b>\$ 31,516,277</b> | <b>\$ 32,206,503</b> | <b>\$ 35,143,931</b> | <b>\$ 35,479,355</b> |
| Other Uses:                                    |                      |                      |                      |                      |                      |
| Interfund Transfers                            | 200,000              | 49,839               | 178,404              | 127,098              | 944,115              |
| <b>Total Expenditures and Other Uses</b>       | <b>\$ 31,320,023</b> | <b>\$ 31,566,116</b> | <b>\$ 32,384,907</b> | <b>\$ 35,271,029</b> | <b>\$ 36,423,470</b> |
| Excess (Deficit) Revenues Over<br>Expenditures | 1,562,659            | 2,209,721            | 782,111              | (15,469)             | 255,110              |
| <b>FUND BALANCE</b>                            |                      |                      |                      |                      |                      |
| Fund Balance - Beginning of Year               | 13,198,644           | 14,761,303           | 16,971,024           | 17,753,135           | 17,737,666           |
| Prior Period Adjustments (net)                 | -                    | -                    | -                    | -                    | -                    |
| <b>Fund Balance - End of Year</b>              | <b>\$ 14,761,303</b> | <b>\$ 16,971,024</b> | <b>\$ 17,753,135</b> | <b>\$ 17,737,666</b> | <b>\$ 17,992,776</b> |
| Fund Balance as a Percentage of Total Revenues | 44.89%               | 50.25%               | 53.53%               | 50.31%               | 49.06%               |

Source: Audited Financial Statements 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                 |                      |                      | 2025                 |
|------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                | Original<br>Budget   | Final<br>Budget      | Actual               | Adopted<br>Budget    |
| <b>REVENUES</b>                                |                      |                      |                      |                      |
| Real Property Taxes                            | \$ 14,111,722        | \$ 12,513,696        | \$ 12,519,965        | \$ 14,521,455        |
| Other Real Property Tax Items                  | 79,375               | 1,677,401            | 1,703,639            | 140,445              |
| Charges for Services                           | 11,000               | 11,000               | 6,830                | 11,000               |
| Use of Money & Property                        | 103,645              | 103,645              | 1,052,300            | 125,000              |
| Sale of Property and<br>Compensation for Loss  | 1,000                | 1,000                | 1,834                | 1,000                |
| Miscellaneous                                  | 1,150,000            | 1,150,000            | 1,125,188            | 2,905,094            |
| Revenues from State Sources                    | 20,288,986           | 20,288,986           | 20,149,177           | 20,125,739           |
| Revenues from Federal Sources                  | 25,095               | 25,095               | 113,018              | -                    |
| <b>Total Revenues</b>                          | <b>\$ 35,770,823</b> | <b>\$ 35,770,823</b> | <b>\$ 36,671,951</b> | <b>\$ 37,829,733</b> |
| Other Sources:                                 |                      |                      |                      |                      |
| Appropriated Fund Balance                      | 2,125,030            | 2,125,030            | -                    | 2,306,774            |
| Interfund Transfers                            | 1,500,000            | 1,500,000            | 6,629                | 300,000              |
| <b>Total Revenues and Other Sources</b>        | <b>\$ 39,395,853</b> | <b>\$ 39,395,853</b> | <b>\$ 36,678,580</b> | <b>\$ 40,436,507</b> |
| <b>EXPENDITURES</b>                            |                      |                      |                      |                      |
| General Support                                | \$ 5,333,243         | \$ 5,806,639         | \$ 4,839,094         | \$ 5,415,186         |
| Instruction                                    | 19,275,329           | 18,804,010           | 17,703,531           | 19,809,100           |
| Pupil Transportation                           | 2,283,286            | 2,281,209            | 1,918,366            | 2,298,426            |
| Community Services                             | -                    | -                    | -                    | -                    |
| Employee Benefits                              | 9,364,416            | 8,517,916            | 7,923,331            | 9,821,705            |
| Debt Service                                   | 3,139,579            | 3,039,579            | 3,095,033            | 3,092,090            |
| <b>Total Expenditures</b>                      | <b>\$ 39,395,853</b> | <b>\$ 38,449,353</b> | <b>\$ 35,479,355</b> | <b>\$ 40,436,507</b> |
| Other Uses:                                    |                      |                      |                      |                      |
| Interfund Transfers                            | -                    | 946,500              | 944,115              | -                    |
| <b>Total Expenditures and Other Uses</b>       | <b>\$ 39,395,853</b> | <b>\$ 39,395,853</b> | <b>\$ 36,423,470</b> | <b>\$ 40,436,507</b> |
| Excess (Deficit) Revenues Over<br>Expenditures | -                    | -                    | 255,110              | -                    |
| <b>FUND BALANCE</b>                            |                      |                      |                      |                      |
| Fund Balance - Beginning of Year               | -                    | -                    | 17,737,666           | -                    |
| Prior Period Adjustments (net)                 | -                    | -                    | -                    | -                    |
| <b>Fund Balance - End of Year</b>              | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ 17,992,776</b> | <b>\$ -</b>          |

Fund Balance as a Percentage of Total Revenues 49.06%

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

STATEMENT OF NET POSITION

|                                                                        |                             |
|------------------------------------------------------------------------|-----------------------------|
| Fiscal Year Ending June 30:                                            | <u>2024</u>                 |
| <b>ASSETS</b>                                                          |                             |
| <b>Cash</b>                                                            |                             |
| Unrestricted Cash                                                      | \$ 932,308                  |
| Restricted Cash                                                        | 16,910,731                  |
| Investments                                                            | 1,897,702                   |
| <b>Receivables</b>                                                     |                             |
| State and Federal Aid                                                  | -                           |
| Due from Other Governments                                             | 2,543,926                   |
| Other                                                                  | 192,544                     |
| Inventories                                                            | 21,293                      |
| Right to Use Leased Assets, Net of Amortization                        | 804,636                     |
| Prepaid Expenses                                                       | -                           |
| <b>Capital Assets</b>                                                  |                             |
| Not Being Depreciated                                                  | 10,263,621                  |
| Being Depreciated, Net of Accumulated Depreciation                     | 32,741,000                  |
| Net Pension Asset - Proportionate Share                                | -                           |
| TOTAL ASSETS                                                           | <u>\$ 66,307,761</u>        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                  |                             |
| Other Post Employment Benefits                                         | \$ 8,338,944                |
| Deferred Charges on Refunding Bonds                                    | 17,843                      |
| Pensions                                                               | 5,910,452                   |
|                                                                        | <u>\$ 14,267,239</u>        |
| <b>Total Assets and Deferred Outflow of Resources</b>                  | <u><b>\$ 80,575,000</b></u> |
| <b>LIABILITIES</b>                                                     |                             |
| <b>Payables</b>                                                        |                             |
| Accounts Payable                                                       | \$ 242,826                  |
| Accrued Liabilities                                                    | 150,429                     |
| Collections in Advance                                                 | -                           |
| Due to Other Governments                                               | 350                         |
| Due to Teachers' Retirement System                                     | 1,231,794                   |
| Due to Employees' Retirement System                                    | 122,428                     |
| Bond Anticipation Note Payable                                         | 1,085,528                   |
| Unearned Revenue - Overpayments & Collect. In Advance                  | 11,772                      |
| Accrued Interest Payable                                               | 63,566                      |
| <b>Long-Term Liabilities</b>                                           |                             |
| <b>Due and Payable Within One Year</b>                                 |                             |
| Premium on Bond                                                        | 147,504                     |
| Energy Performance Contract Payable                                    | 197,505                     |
| Lease Liability                                                        | -                           |
| Serial Bonds                                                           | 1,765,000                   |
| <b>Due and Payable After One Year</b>                                  |                             |
| Serial Bonds                                                           | 10,160,000                  |
| Premium on Bond                                                        | 758,105                     |
| Energy Performance Contract Payable                                    | 967,830                     |
| Compensated Absences Payable                                           | 730,700                     |
| Other Post Employment Benefits                                         | 61,328,125                  |
| Net Pension Liability - Proportionate Share                            | 1,987,518                   |
| TOTAL LIABILITIES                                                      | <u>\$ 80,950,980</u>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                             |
| Other Post Employment Benefits                                         | \$ 12,859,355               |
| Pension                                                                | 1,195,557                   |
|                                                                        | <u>\$ 14,054,912</u>        |
| <b>Total Liabilities and Deferred Inflow of Resources</b>              | <u><b>\$ 95,005,892</b></u> |
| <b>NET POSITION</b>                                                    |                             |
| Net Investment in Capital Assets                                       | \$ 29,540,552               |
| Restricted                                                             | 16,795,703                  |
| Unrestricted (Deficit)                                                 | (60,767,147)                |
| Total Net Position                                                     | <u>\$ (14,430,892)</u>      |
| <b>Total Liabilities, Deferred Inflow of Resources, and Net Assets</b> | <u><b>\$ 80,575,000</b></u> |

Source: Audited Financial Statements of the School District. This Appendix is not itself audited.

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

| <b>Functions/Programs</b>                  | Expenses             | Program Revenues        |                                     | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--------------------------------------------|----------------------|-------------------------|-------------------------------------|------------------------------------------------------------|
|                                            |                      | Charges for<br>Services | Operating Grants<br>& Contributions |                                                            |
| General Support                            | \$ 6,118,393         | \$ -                    | \$ -                                | \$ (6,118,393)                                             |
| Instruction                                | 30,185,177           | 6,830                   | 2,996,397                           | (27,181,950)                                               |
| Community Services                         | -                    | -                       | -                                   | -                                                          |
| Pupil Transportation                       | 2,895,958            | -                       | -                                   | (2,895,958)                                                |
| Interest Expense                           | 372,339              | -                       | -                                   | (372,339)                                                  |
| Depreciation                               | -                    | -                       | -                                   | -                                                          |
| Food Service Program                       | 1,031,822            | 148,351                 | 698,224                             | (185,247)                                                  |
| <b>Total Functions and Programs</b>        | <b>\$ 40,603,689</b> | <b>\$ 155,181</b>       | <b>\$ 3,694,621</b>                 | <b>\$ (36,753,887)</b>                                     |
| <br><b>GENERAL REVENUES</b>                |                      |                         |                                     |                                                            |
| Real Property Taxes                        |                      |                         |                                     | \$ 12,519,965                                              |
| Other Real Property Tax Items              |                      |                         |                                     | 1,703,639                                                  |
| Use of Money and Property                  |                      |                         |                                     | 1,132,582                                                  |
| Sale of Property and Compensation for Loss |                      |                         |                                     | 1,834                                                      |
| State and Federal Sources                  |                      |                         |                                     | 20,262,195                                                 |
| Miscellaneous                              |                      |                         |                                     | 1,199,503                                                  |
| <b>Total General Revenues</b>              |                      |                         |                                     | <b>\$ 36,819,718</b>                                       |
| <br><b>CHANGE IN NET POSITION</b>          |                      |                         |                                     |                                                            |
|                                            |                      |                         |                                     | 65,831                                                     |
| <br><b>TOTAL NET POSITION</b>              |                      |                         |                                     |                                                            |
| <b>Beginning of Year</b>                   |                      |                         |                                     | (14,496,723)                                               |
| <b>TOTAL NET POSITION</b>                  |                      |                         |                                     | \$ (14,430,892)                                            |
| <b>End of Year</b>                         |                      |                         |                                     | <b>\$ (14,430,892)</b>                                     |

Source: Audited Financial Statements of the School District. This Appendix is not itself audited.

**CHANGES IN REMAINING FUND BALANCES  
MODIFIED ACCRUAL DOUBLE-ENTRY BASIS**

| Fiscal Years Ending June 30:                                    | <u>2020</u>    | <u>2021</u>               | <u>2022</u>  | <u>2023</u>  | <u>2024</u>  |
|-----------------------------------------------------------------|----------------|---------------------------|--------------|--------------|--------------|
| <b>SPECIAL AID FUND</b>                                         |                |                           |              |              |              |
| Fund Balance - Beginning of Year                                | \$ -           | \$ -                      | \$ (340,835) | \$ -         | \$ -         |
| Revenues                                                        | 836,469        | 1,047,522                 | 2,413,154    | 2,569,357    | 3,019,444    |
| Expenditures                                                    | 836,469        | 1,388,357                 | 2,072,319    | 2,569,357    | 3,019,444    |
| Fund Balance - End of Year                                      | \$ -           | \$ (340,835)              | \$ -         | \$ -         | \$ -         |
| <b>SCHOOL LUNCH FUND</b>                                        |                |                           |              |              |              |
| Fund Balance - Beginning of Year                                | \$ 21,949      | \$ (90,815)               | \$ (223,535) | \$ (1,879)   | \$ 6,368     |
| Revenues                                                        | 473,289        | 336,113                   | 855,547      | 695,315      | 853,748      |
| Expenditures                                                    | 586,053        | 468,833                   | 633,891      | 687,068      | 835,800      |
| Fund Balance - End of Year                                      | \$ (90,815)    | \$ (223,535)              | \$ (1,879)   | \$ 6,368     | \$ 24,316    |
| <b><u>CAPITAL FUND</u> <sup>(1)</sup></b>                       |                |                           |              |              |              |
| Fund Balance - Beginning of Year                                | \$ (222,931)   | \$ (1,350,521)            | \$ 4,751,760 | \$ 3,046     | \$ (39,077)  |
| Revenues                                                        | 552,475        | 11,834,307                | 577,787      | 463,306      | 1,266,494    |
| Expenditures                                                    | 1,680,065      | 5,732,026                 | 5,326,501    | 505,429      | 1,401,240    |
| Fund Balance - End of Year                                      | \$ (1,350,521) | \$ 4,751,760              | \$ 3,046     | \$ (39,077)  | \$ (173,823) |
| <b>DEBT SERVICE FUND</b>                                        |                |                           |              |              |              |
| Fund Balance - Beginning of Year                                | \$ 1,369,863   | \$ 1,396,539              | \$ 1,314,259 | \$ 1,393,727 | \$ 1,486,036 |
| Revenues                                                        | 3,702,552      | 304,720                   | 79,468       | 92,309       | 83,791       |
| Expenditures                                                    | 3,675,876      | 387,000                   | -            | -            | -            |
| Fund Balance - End of Year                                      | \$ 1,396,539   | \$ 1,314,259              | \$ 1,393,727 | \$ 1,486,036 | \$ 1,569,827 |
| <b><u>MISCELLANEOUS SPECIAL REVENUE FUND</u> <sup>(2)</sup></b> |                |                           |              |              |              |
| Fund Balance - Beginning of Year                                | \$ -           | \$ 146,933 <sup>(3)</sup> | \$ 151,879   | \$ 176,002   | \$ 179,010   |
| Revenues                                                        | -              | 10,590                    | 58,117       | 56,716       | 63,633       |
| Expenditures                                                    | -              | 5,644                     | 33,994       | 53,708       | 42,912       |
| Fund Balance - End of Year                                      | \$ -           | \$ 151,879                | \$ 176,002   | \$ 179,010   | \$ 199,731   |

<sup>(1)</sup> The Governmental Accounting Standards Boards NCGA Interpretation #9 requires proceeds of short-term obligations (including bond anticipation notes) to be recorded as a "liability" on the balance sheet. Revenue may only be recognized as subsequent principal reductions are made to the short-term liability. Consequently, capital projects financed with short-term obligations appear to be overspent until permanent bonds are sold or the short-term obligation is liquidated.

<sup>(2)</sup> Implementation of GASB 84 beginning fiscal year ending June 30, 2021.

<sup>(3)</sup> Beginning balance as restated.

Source: Audited Financial Statements of the School District. This Appendix is not itself audited.

**APPENDIX - B**  
**Holland Patent CSD**

**BONDED DEBT SERVICE**

| Fiscal Year<br>Ending<br>June 30th | Principal            | Interest            | Total Principal<br>& Interest |
|------------------------------------|----------------------|---------------------|-------------------------------|
| 2025                               | \$ 1,765,000         | \$ 354,450          | \$ 2,119,450                  |
| 2026                               | 1,030,000            | 293,500             | 1,323,500                     |
| 2027                               | 990,000              | 261,750             | 1,251,750                     |
| 2028                               | 1,020,000            | 229,650             | 1,249,650                     |
| 2029                               | 1,050,000            | 196,350             | 1,246,350                     |
| 2030                               | 1,085,000            | 161,700             | 1,246,700                     |
| 2031                               | 1,125,000            | 125,600             | 1,250,600                     |
| 2032                               | 970,000              | 90,450              | 1,060,450                     |
| 2033                               | 770,000              | 63,500              | 833,500                       |
| 2034                               | 725,000              | 44,350              | 769,350                       |
| 2035                               | 600,000              | 27,900              | 627,900                       |
| 2036                               | 615,000              | 15,900              | 630,900                       |
| 2037                               | 180,000              | 3,600               | 183,600                       |
| <b>TOTALS</b>                      | <b>\$ 11,925,000</b> | <b>\$ 1,868,700</b> | <b>\$ 13,793,700</b>          |

Note: The figures above do not include outstanding Energy Performance Contract indebtedness of the District. See "Other Indebtedness" herein.



CURRENT BONDS OUTSTANDING

| Fiscal Year<br>Ending<br>June 30th | 2017A DASNY<br>Capital Project |            |              | 2019A DASNY<br>Capital Project |            |              |
|------------------------------------|--------------------------------|------------|--------------|--------------------------------|------------|--------------|
|                                    | Principal                      | Interest   | Total        | Principal                      | Interest   | Total        |
| 2025                               | \$ 285,000                     | \$ 125,500 | \$ 410,500   | \$ 90,000                      | \$ 47,750  | \$ 137,750   |
| 2026                               | 295,000                        | 111,250    | 406,250      | 90,000                         | 43,250     | 133,250      |
| 2027                               | 310,000                        | 96,500     | 406,500      | 100,000                        | 38,750     | 138,750      |
| 2028                               | 325,000                        | 81,000     | 406,000      | 105,000                        | 33,750     | 138,750      |
| 2029                               | 345,000                        | 64,750     | 409,750      | 110,000                        | 28,500     | 138,500      |
| 2030                               | 360,000                        | 47,500     | 407,500      | 120,000                        | 23,000     | 143,000      |
| 2031                               | 380,000                        | 29,500     | 409,500      | 125,000                        | 17,000     | 142,000      |
| 2032                               | 210,000                        | 10,500     | 220,500      | 125,000                        | 13,250     | 138,250      |
| 2033                               | -                              | -          | -            | 125,000                        | 9,500      | 134,500      |
| 2034                               | -                              | -          | -            | 65,000                         | 3,250      | 68,250       |
| TOTALS                             | \$ 2,510,000                   | \$ 566,500 | \$ 3,076,500 | \$ 1,055,000                   | \$ 258,000 | \$ 1,313,000 |

| Fiscal Year<br>Ending<br>June 30th | 2020<br>Refunding |           |            | 2021<br>Capital Project |              |              |
|------------------------------------|-------------------|-----------|------------|-------------------------|--------------|--------------|
|                                    | Principal         | Interest  | Total      | Principal               | Interest     | Total        |
| 2025                               | \$ 480,000        | \$ 25,200 | \$ 505,200 | \$ 910,000              | \$ 156,000   | \$ 1,066,000 |
| 2026                               | 80,000            | 1,200     | 81,200     | 565,000                 | 137,800      | 702,800      |
| 2027                               | -                 | -         | -          | 580,000                 | 126,500      | 706,500      |
| 2028                               | -                 | -         | -          | 590,000                 | 114,900      | 704,900      |
| 2029                               | -                 | -         | -          | 595,000                 | 103,100      | 698,100      |
| 2030                               | -                 | -         | -          | 605,000                 | 91,200       | 696,200      |
| 2031                               | -                 | -         | -          | 620,000                 | 79,100       | 699,100      |
| 2032                               | -                 | -         | -          | 635,000                 | 66,700       | 701,700      |
| 2033                               | -                 | -         | -          | 645,000                 | 54,000       | 699,000      |
| 2034                               | -                 | -         | -          | 660,000                 | 41,100       | 701,100      |
| 2035                               | -                 | -         | -          | 600,000                 | 27,900       | 627,900      |
| 2036                               | -                 | -         | -          | 615,000                 | 15,900       | 630,900      |
| 2037                               | -                 | -         | -          | 180,000                 | 3,600        | 183,600      |
| TOTALS                             | \$ 560,000        | \$ 26,400 | \$ 586,400 | \$ 7,800,000            | \$ 1,017,800 | \$ 8,817,800 |

## MATERIAL EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Commission pursuant to the Securities Exchange Act of 1934, the District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation (as defined in the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Note holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

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

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the District determines that any such other event is material with respect to the Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the District no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the District’s obligations under its material event notices undertaking and any failure by the District to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the District; provided that the District agrees that any such modification will be done in a manner consistent with the Rule.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

## FORM OF BOND COUNSEL'S OPINION

LAW OFFICES

OF

*Timothy R. McGill*248 WILLOWBROOK OFFICE PARK  
FAIRPORT, NEW YORK 14450Kristine M. Bryant  
ParalegalTel: (585) 381-7470  
Fax: (585) 381-7498

March 27, 2025

Board of Education of the  
Holland Patent Central School District  
Oneida County, New YorkRe: ***Holland Patent Central School District***  
***\$6,200,000 Bond Anticipation Notes, 2025***

Dear Board Members:

I have examined a record of proceedings relating to the issuance of \$6,200,000 aggregate principal amount of Bond Anticipation Notes, 2025 of the Holland Patent Central School District, a school district of the State of New York. The Notes are [registered to \_\_\_\_\_/ in book-entry-only form registered to "Cede & Co.,"] are dated March 27, 2025, are numbered 2025A-\_\_, bear interest at the rate of \_\_\_\_\_ per centum (\_\_\_\_%) per annum payable at maturity, mature on July 16, 2025, and are issued pursuant to the Local Finance Law of the State of New York and a bond resolution adopted June 7, 2023. The proposition approving the matters set forth in the bond resolution was approved by the voters of the School District on May 16, 2023. The Notes are not subject to redemption prior to maturity. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In my opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights, the Notes are valid and legally binding obligations of the Holland Patent Central School District, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the School District without limitation as to rate or amount.

The School District has covenanted to comply with any requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Notes in order that interest thereon be and remain excludable from gross income under the Code. In my opinion, under the existing statute, regulations and court decisions, interest on the Notes is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code and will continue to be so excluded if the School District continuously complies with such covenant; and under the Code, interest on the Notes is not a specific preference item for purposes of the Federal alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. I express no opinion regarding other Federal income tax consequences caused by the receipt or accrual of interest on the Notes. Further, in my opinion, interest on the Notes is exempt from New York State and New York City personal income taxes under existing statutes.

In rendering the opinions expressed herein, I have assumed the accuracy and truthfulness of all public records, documents and proceedings examined by me which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and I also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings, and such certifications. The scope of my engagement in relation to the issuance of the Note has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions 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 School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of and interest on the Note as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the School District in relation to the Notes for factual information which, in the judgment of the School District, could materially affect the ability of the School District to pay such principal and interest. While I have participated in the preparation of such Official Statement, I have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, I express no opinion as to whether the School District, in connection with the sale of the Note, 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.

Very truly yours,

Timothy R. McGill, Esq.

**TRM:**

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
ONEIDA COUNTY, NEW YORK**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2024**

Such Financial Report and opinions 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.

HOLLAND PATENT  
CENTRAL SCHOOL  
DISTRICT

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

AND

BASIC FINANCIAL  
STATEMENTS

For the Year Ended  
June 30, 2024

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
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**D'Arcangelo & Co., LLP**  
Certified Public Accountants & Consultants

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315-336-9220 Fax: 315-336-0836

**Independent Auditor's Report**

Board of Education  
Holland Patent Central School District

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Holland Patent Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Holland Patent Central School District's basic financial statements as listed in the table of contents.

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 Holland Patent 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 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 Holland Patent 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.

**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 Holland Patent 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.

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 Holland Patent 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 the Holland Patent 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 and other required supplementary information, as listed in the table of contents, 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 and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Holland Patent Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate 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 information is 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 October 9, 2024, on our consideration of the Holland Patent 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 Holland Patent 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 Holland Patent Central School District's internal control over financial reporting and compliance.

*D'Arcangelo + Co., LLP*

October 9, 2024

Rome, New York

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

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The Holland Patent Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2024 and 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

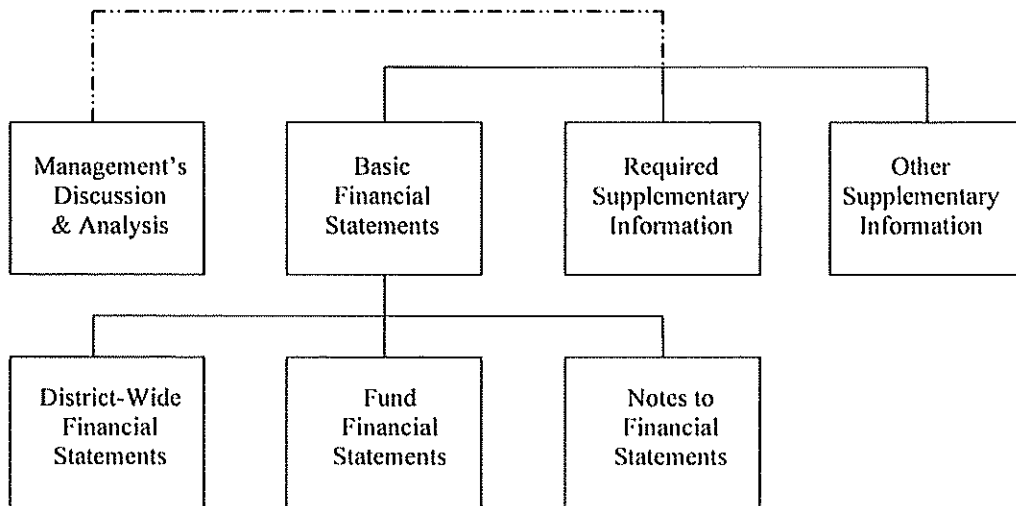
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2024, are as follows:

- The District's total liabilities and deferred inflows exceeded its assets and deferred outflows at the close of the fiscal year by \$14,430,892 (total net position (deficit)). This represents an increase of \$65,831 from the prior year's net position.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$40,603,689. Of this amount, \$155,181 and \$3,694,621 was offset by program charges for services and operating grants. General revenues of \$36,819,718 amounts to 90.5% of total revenues.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 16 and 18, increased by \$255,110 to \$17,992,776. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.
- State and federal revenue increased by \$476,757 to \$20,262,195. This is mainly due to increases in Basic State Aid during the current year.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

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**A. District-wide Financial Statements**

The district-wide financial statements present the governmental activities of the School District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the School District's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

**B. Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds, not the School District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the School District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District maintains six individual governmental funds, general fund, school lunch fund, special aid fund, miscellaneous special revenue, debt service fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

The School District's total net position increased \$65,831 between fiscal year 2024 and 2023. A summary of the School District's Statement of Net Position at June 30, 2024 and 2023 is as follows:

|                                      | 2024                   | 2023                   | Increase<br>(Decrease) | Percentage<br>Change |
|--------------------------------------|------------------------|------------------------|------------------------|----------------------|
| Current and Other Assets             | \$ 22,498,504          | \$ 23,003,582          | \$ (505,078)           | (2.2%)               |
| Right to Use Leased Assets, Net      | 804,636                | 814,838                | (10,202)               | (1.3%)               |
| Capital Assets, Net                  | <u>43,004,621</u>      | <u>42,714,037</u>      | <u>290,584</u>         | 0.7%                 |
| Total Assets                         | <u>66,307,761</u>      | <u>66,532,457</u>      | <u>(224,696)</u>       | (0.3%)               |
| Deferred Outflows of Resources       |                        |                        |                        |                      |
| Refunding Bonds                      | 17,843                 | 26,765                 | (8,922)                | (33.3%)              |
| OPEB                                 | 8,338,944              | 11,474,617             | (3,135,673)            | (27.3%)              |
| Pensions                             | <u>5,910,452</u>       | <u>7,623,066</u>       | <u>(1,712,614)</u>     | (22.5%)              |
| Total Deferred Outflows of Resources | <u>14,267,239</u>      | <u>19,124,448</u>      | <u>(4,857,209)</u>     | (25.4%)              |
| Current Liabilities                  | 2,908,693              | 3,659,645              | (750,952)              | (20.5%)              |
| Long-term Liabilities                | <u>78,042,287</u>      | <u>81,025,956</u>      | <u>(2,983,669)</u>     | (3.7%)               |
| Total Liabilities                    | <u>80,950,980</u>      | <u>84,685,601</u>      | <u>(3,734,621)</u>     | (4.4%)               |
| Deferred Inflows of Resources        |                        |                        |                        |                      |
| OPEB                                 | 12,859,355             | 14,651,853             | (1,792,498)            | (12.2%)              |
| Pensions                             | <u>1,195,557</u>       | <u>816,174</u>         | <u>379,383</u>         | 46.5%                |
| Total Deferred Inflows of Resources  | <u>14,054,912</u>      | <u>15,468,027</u>      | <u>(1,413,115)</u>     | (9.1%)               |
| Net Position                         |                        |                        |                        |                      |
| Net Investment in Capital Assets     | 29,540,552             | 26,947,793             | 2,592,759              | 9.6%                 |
| Restricted                           | 16,795,703             | 15,948,899             | 846,804                | 5.3%                 |
| Unrestricted (Deficit)               | <u>(60,767,147)</u>    | <u>(57,393,415)</u>    | <u>(3,373,732)</u>     | (5.9%)               |
| Total Net Position (Deficit)         | <u>\$ (14,430,892)</u> | <u>\$ (14,496,723)</u> | <u>\$ 65,831</u>       | 0.5%                 |

Current and other assets decreased by \$505,078, as compared to the prior year primarily due to the decrease in receivables due from Other Governments.

Right to use leased assets decreased by \$10,202 as compared to the prior year due to amortization expense exceeding the new lease additions in the current year. Note 7 to the Financial Statements provides additional information.

Capital assets increased by \$290,584 as compared to the prior year. This increase is primarily due to amounts expended for capital assets exceeding depreciation expense in the current year. Note 7 to the Financial Statements provides additional information.

Deferred Outflows of Resources decreased by \$4,857,209, as compared to the prior year, primarily due to changes in actuarial assumptions used in estimating the OPEB and the Retirement System liabilities.

Current liabilities decreased by \$750,952, as compared to the prior year. The primary reason for the decrease was the decrease in accrued liabilities of \$963,443 in the current year.

Long-term liabilities decreased by \$2,983,669, primarily due to the decrease in the District's proportionate share of the net pension liability of \$1,028,333, as reported by the retirement systems, as well as principal payments made on the energy performance contract and serial bonds in the current year of \$2,309,035.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

Deferred Inflows of Resources decreased by \$1,413,115, as compared to the prior year, as a result of changes in the assumptions used and the effect of differences between actual and expected experience when estimating the OPEB liability, as well as the net pension liability, as reported by the retirement systems.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions and leases, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings, and purchase or lease vehicles, equipment and furniture to support District operations.

The restricted portion of net position at June 30, 2024, is comprised of amounts with constraints placed on the use either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Note 1 to the Basic Financial Statements provides further descriptions and detailed balances.

The unrestricted (deficit) portion of net position in the amount of \$60,767,147 at June 30, 2024, represents the amount by which the School District's liabilities and deferred inflows exceeded its assets and deferred outflows (excluding capital assets net of related debt and restricted assets).

**Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other real property tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2024 and 2023 is as follows:

| Revenues                               | 2024              | 2023                | Increase<br>(Decrease) | Percentage<br>Change |
|----------------------------------------|-------------------|---------------------|------------------------|----------------------|
| <b>Program Revenues</b>                |                   |                     |                        |                      |
| Charges for Services                   | \$ 155,181        | \$ 280,429          | \$ (125,248)           | (44.7%)              |
| Operating Grants                       | 3,694,621         | 2,968,233           | 726,388                | 24.5%                |
| <b>General Revenues</b>                |                   |                     |                        |                      |
| Property Taxes and STAR                | 14,223,604        | 13,889,022          | 334,582                | 2.4%                 |
| State and Federal Sources              | 20,262,195        | 19,785,438          | 476,757                | 2.4%                 |
| Other                                  | <u>2,333,919</u>  | <u>1,651,346</u>    | <u>682,573</u>         | 41.3%                |
| Total Revenues                         | <u>40,669,520</u> | <u>38,574,468</u>   | <u>2,095,052</u>       | 5.4%                 |
| <b>Expenses</b>                        |                   |                     |                        |                      |
| General Support                        | 6,118,393         | 6,256,804           | (138,411)              | (2.2%)               |
| Instruction                            | 30,185,177        | 28,517,910          | 1,667,267              | 5.8%                 |
| Pupil Transportation                   | 2,895,958         | 2,925,477           | (29,519)               | (1.0%)               |
| Debt Service-Unallocated Interest      | 372,339           | 430,400             | (58,061)               | (13.5%)              |
| Food Service Program                   | <u>1,031,822</u>  | <u>880,347</u>      | <u>151,475</u>         | 17.2%                |
| Total Expenses                         | <u>40,603,689</u> | <u>39,010,938</u>   | <u>1,592,751</u>       | 4.1%                 |
| Total Change in Net Position (Deficit) | <u>\$ 65,831</u>  | <u>\$ (436,470)</u> | <u>\$ 502,301</u>      |                      |

The School District's revenues increased by 5.4% in 2024 or a net amount of \$2,095,052. The major components that contributed to the net increase were:

- State and federal sources increased by \$476,757, due to an increase in basic state aid.
- Other revenue increased by \$682,574, due to an increase in interest and earnings of \$652,597.
- Operating Grants increased \$726,388, mainly due to an increase in state UPK and lunch aid.
- Property taxes and STAR increased by \$334,582 due to the budgeted increase in the tax levy for the 2023-2024 year.

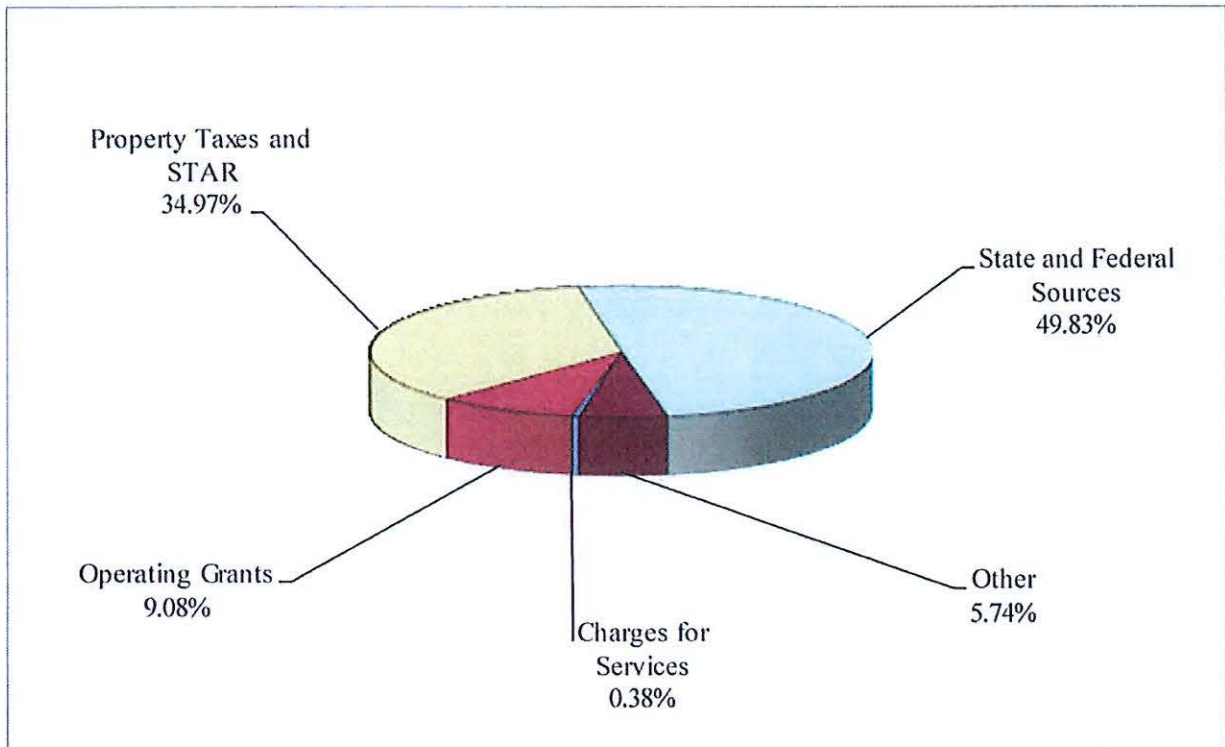
The School District's expenses for the year increased by \$1,592,751 or 4.1%. The overall increase was primarily due to the increase in pension expense, as discussed in Note 11 of the financial statements.

See Independent Auditor's Report.

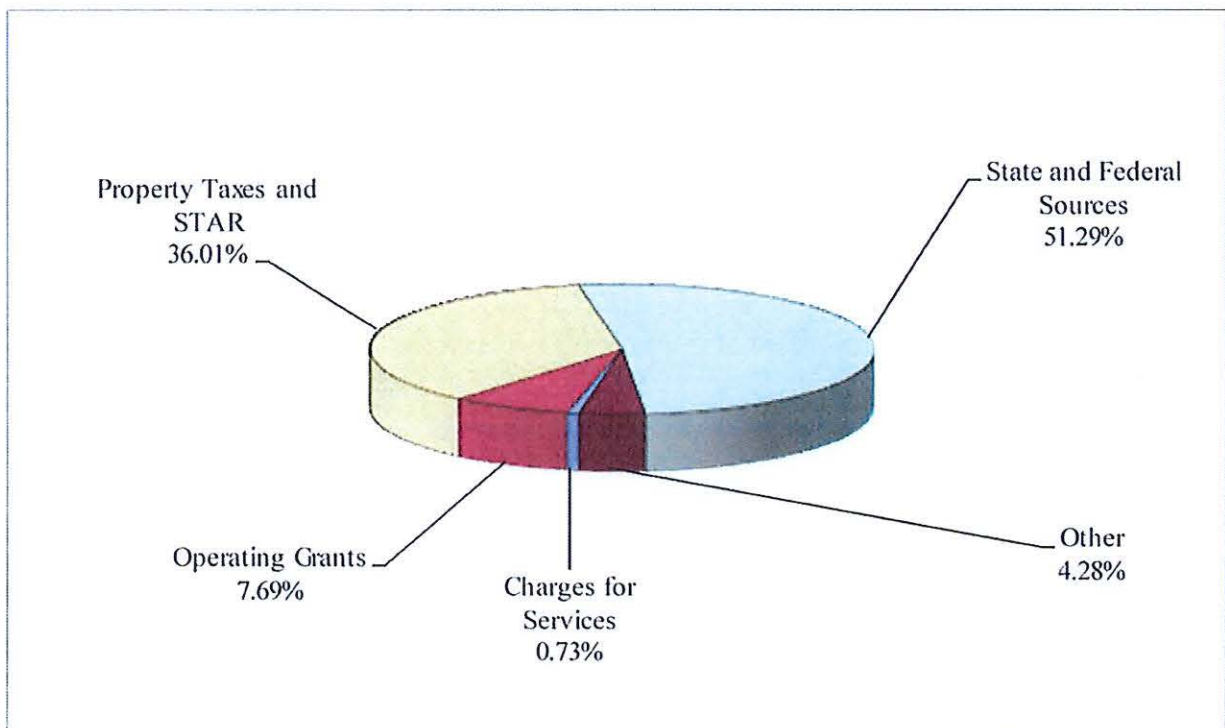
HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024

A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2024



For the Year Ended June 30, 2023



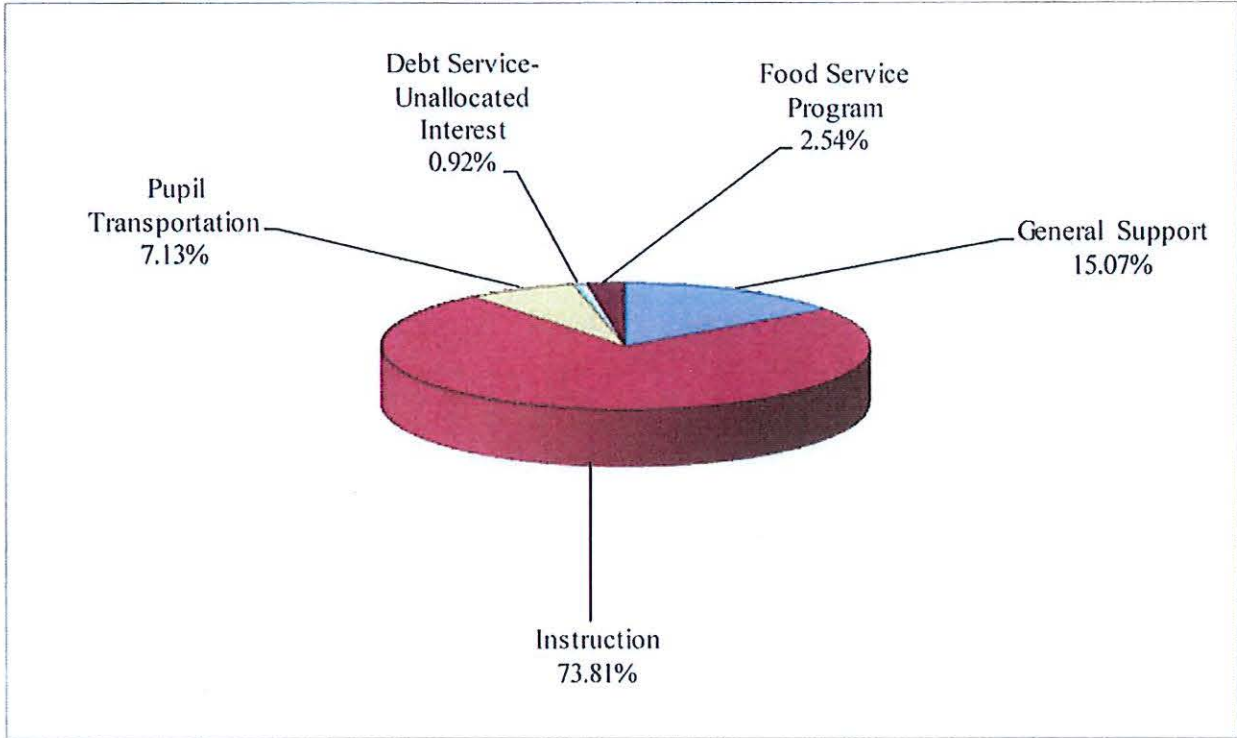
See Independent Auditor's Report.



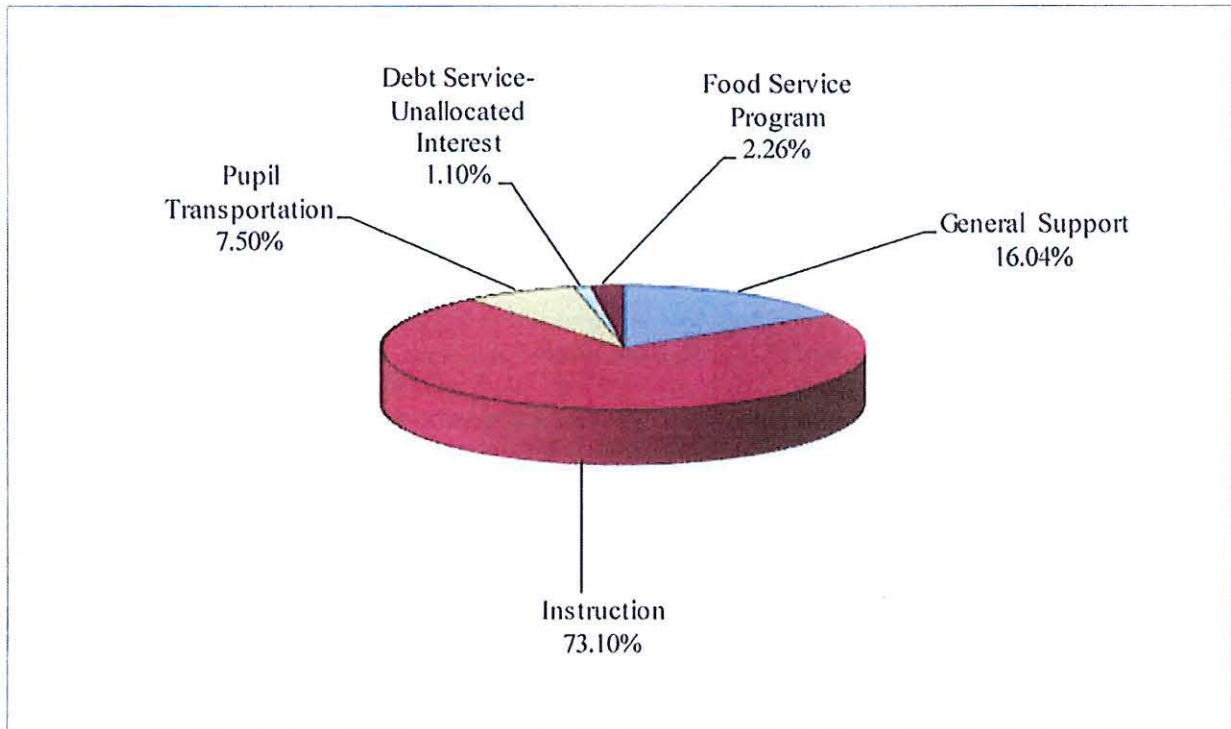
HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024

A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2024



For the Year Ended June 30, 2023



See Independent Auditor's Report.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES**

At June 30, 2024, the School District's governmental funds reported a combined fund balance of \$19,612,827, which is an increase of \$242,824 from the prior year's combined fund balance of \$19,370,003. A summary of the change in fund balance by fund is as follows:

|                                               | 2024                     | 2023                     | Increase<br>(Decrease) |
|-----------------------------------------------|--------------------------|--------------------------|------------------------|
| <b>General Fund</b>                           |                          |                          |                        |
| Restricted                                    |                          |                          |                        |
| Workers' Compensation                         | \$ 509,796               | \$ 483,872               | \$ 25,924              |
| Unemployment Insurance                        | 136,079                  | 129,159                  | 6,920                  |
| Employee Benefit Accrued Liability            | 1,482,151                | 1,406,781                | 75,370                 |
| Retirement Contribution - ERS                 | 4,719,425                | 4,870,145                | (150,720)              |
| Retirement Contribution - TRS                 | 957,000                  | 677,782                  | 279,218                |
| Insurance                                     | 112,071                  | 106,372                  | 5,699                  |
| Tax Certiorari                                | 1,158,558                | 536,584                  | 621,974                |
| Capital Reserve                               | 5,010,428                | 5,072,254                | (61,826)               |
| Repairs                                       | <u>2,833</u>             | <u>2,689</u>             | <u>144</u>             |
| Total Restricted                              | <u>14,088,341</u>        | <u>13,285,638</u>        | <u>802,703</u>         |
| Assigned                                      |                          |                          |                        |
| Encumbrances                                  | 21,170                   | 125,030                  | (103,860)              |
| Designated for Subsequent Year's Expenditures | <u>2,306,774</u>         | <u>2,000,000</u>         | <u>306,774</u>         |
| Total Assigned                                | <u>2,327,944</u>         | <u>2,125,030</u>         | <u>202,914</u>         |
| Unassigned                                    | <u>1,576,491</u>         | <u>2,326,998</u>         | <u>(750,507)</u>       |
| Total General Fund                            | <u>17,992,776</u>        | <u>17,737,666</u>        | <u>255,110</u>         |
| <b>School Lunch Fund</b>                      |                          |                          |                        |
| Nonspendable                                  | 21,293                   | 26,735                   | (5,442)                |
| Assigned                                      | 3,023                    |                          | 3,023                  |
| Unassigned (Deficit)                          |                          | <u>(20,367)</u>          | <u>20,367</u>          |
| Total School Lunch Fund (Deficit)             | <u>24,316</u>            | <u>6,368</u>             | <u>17,948</u>          |
| <b>Miscellaneous Special Revenue Fund</b>     |                          |                          |                        |
| Restricted                                    | <u>199,731</u>           | <u>179,010</u>           | <u>20,721</u>          |
| <b>Debt Service Fund</b>                      |                          |                          |                        |
| Restricted                                    | <u>1,569,827</u>         | <u>1,486,036</u>         | <u>83,791</u>          |
| <b>Capital Projects Fund</b>                  |                          |                          |                        |
| Restricted                                    | 937,804                  | 998,215                  | (60,411)               |
| Unassigned (Deficit)                          | <u>(1,111,627)</u>       | <u>(1,037,292)</u>       | <u>(74,335)</u>        |
| Total Capital Projects Fund                   | <u>(173,823)</u>         | <u>(39,077)</u>          | <u>(134,746)</u>       |
| <br>Total Fund Balance - All Funds            | <br><u>\$ 19,612,827</u> | <br><u>\$ 19,370,003</u> | <br><u>\$ 242,824</u>  |

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

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**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2023-2024 Budget**

The School District's general fund adopted budget for the year ended June 30, 2024, was \$39,270,823. This is an increase of \$1,279,960 over the prior year's adopted budget. The budget was funded through a combination of revenues and assigned fund balance. The majority of this funding source was \$14,191,097 in estimated property taxes and STAR, and State and Federal Aid in the amount of \$20,314,081.

**B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)**

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

|                                                                |                     |
|----------------------------------------------------------------|---------------------|
| Opening, Unassigned Fund Balance                               | \$ 2,326,998        |
| Revenues under Budget, including Transfers                     | (592,243)           |
| Expenditures and Encumbrances under Budget                     | 2,951,213           |
| Net Increase to Restricted Funds                               | (802,703)           |
| Appropriated Fund Balance included in the June 30, 2025 Budget | <u>(2,306,774)</u>  |
| Closing, Unassigned Fund Balance                               | <u>\$ 1,576,491</u> |

Opening, Unassigned Fund Balance

The \$2,326,998 opening unassigned fund balance is the portion of the District's June 30, 2023, fund balance that was retained as unassigned. This was 5.93% of the School District's 2023-2024 approved operating budget.

Revenues Under Budget, including Transfers

The 2023-2024 final budget for revenues including transfers was \$37,270,823. The actual revenues and other financing sources received for the year were \$36,678,580. The actual revenue and transfers under the budgeted revenue and transfers was \$592,243. This variance contributes directly to the change to the unassigned portion of the general fund balance from June 30, 2023 to June 30, 2024.

Expenditures and Encumbrances Under Budget

The 2023-2024 final budget for expenditures was \$39,395,853. The actual expenditures and encumbrances were \$36,444,640. The final budget was under expended by \$2,951,213. This under expenditure contributes to the change of the unassigned portion of the general fund balance from June 30, 2023 to June 30, 2024.

Net Increase to Restricted Funds

The School District increased restricted funds by \$802,703 as detailed in Note 13 of the financial statements.

Appropriated Fund Balance Included in the June 30, 2025 Budget

The 2024-2025 final budget included appropriated fund balance of \$2,306,774 to partially fund its operations.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the School District will begin the 2024-2025 fiscal year with an unassigned fund balance of \$1,576,491. This is a decrease of \$750,507 from the unassigned balance as of June 30, 2023. This is 3.90% of the School District's 2024-2025 approved operating budget.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

**6. CAPITAL AND RIGHT TO USE LEASED ASSETS**

At June 30, 2024, the District had invested in a broad range of capital assets, including land, land improvements, buildings and improvements, and vehicles, furniture, and equipment. The net increase in capital assets is due to capital additions less depreciation recorded for the year ended June 30, 2024. A summary of the District's capital assets, net of depreciation at June 30, 2024 and 2023, is as follows:

|                                    | <u>2024</u>          | <u>2023</u>          | <u>Increase<br/>(Decrease)</u> |
|------------------------------------|----------------------|----------------------|--------------------------------|
| Land                               | \$ 110,000           | \$ 110,000           | \$                             |
| Construction in Progress           | 10,153,621           | 9,042,943            | 1,110,678                      |
| Buildings and Improvements         | 30,512,929           | 31,313,475           | (800,546)                      |
| Vehicles, Furniture, and Equipment | <u>2,228,071</u>     | <u>2,247,619</u>     | <u>(19,548)</u>                |
| Capital Assets, Net                | <u>\$ 43,004,621</u> | <u>\$ 42,714,037</u> | <u>\$ 290,584</u>              |

At June 30, 2024, the District had recorded a right to use leased asset equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, net of accumulated amortization. A summary of the District's right to use leased assets, net of amortization at June 30, 2024 and 2023, is as follows:

|                                            | <u>2024</u>       | <u>2023</u>       | <u>Increase<br/>(Decrease)</u> |
|--------------------------------------------|-------------------|-------------------|--------------------------------|
| Right to Use Leased Assets -Equipment, Net | <u>\$ 804,636</u> | <u>\$ 814,838</u> | <u>\$ (10,202)</u>             |

**7. DEBT ADMINISTRATION**

At June 30, 2024, the District had total bonds payable and energy performance contracts of \$13,090,335. A summary of outstanding bonds and energy performance contracts payable at June 30, 2024 and 2023, is as follows:

| <u>Issue<br/>Date</u> | <u>Interest<br/>Rate</u> | <u>2024</u>          | <u>2023</u>          | <u>(Decrease)</u>     |
|-----------------------|--------------------------|----------------------|----------------------|-----------------------|
| 10/31/2015            | 3.09%                    | \$ 1,165,335         | \$ 1,356,866         | \$ (191,531)          |
| 6/08/2017             | 3.00%-5.00%              | 2,510,000            | 2,780,000            | (270,000)             |
| 6/17/2019             | 2.68%                    | 1,055,000            | 1,140,000            | (85,000)              |
| 3/20/2020             | 1.5-5.0%                 | 560,000              | 1,285,000            | (725,000)             |
| 6/16/2021             | 2.00%                    | <u>7,800,000</u>     | <u>8,690,000</u>     | <u>(890,000)</u>      |
|                       |                          | <u>\$ 13,090,335</u> | <u>\$ 15,251,866</u> | <u>\$ (2,161,531)</u> |

**8. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District passed a budget in May 2024 that reflects a 2.90% tax levy increase, which is at the allowed levy limit. The District has continued to analyze the use of resources in order to support teaching and learning, as well as facilities management. The District is in the beginning stages of an approved \$18.85 million capital project as of June 30, 2024. This balanced project is primarily focused on updating facilities. The District has had a long-standing record of sound fiscal planning and maintaining excellent programming for children. Continued fiscal planning to mitigate future variables is necessary as the District strives to continue our positive impact on the children of this District, and as the District continues to investigate additional programming to meet the needs of our students.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

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**9. CONTACTING THE DISTRICT**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at:

Holland Patent Central School District  
9601 Main Street  
Holland Patent, New York 13354

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

|                                                                         |                             |
|-------------------------------------------------------------------------|-----------------------------|
| <b>Assets</b>                                                           |                             |
| Cash and Cash Equivalents                                               | \$ 932,308                  |
| Restricted Cash and Cash Equivalents                                    | 16,910,731                  |
| Investments                                                             | 1,897,702                   |
| Receivables                                                             |                             |
| Due From Other Governments                                              | 2,543,926                   |
| Other Receivables                                                       | 192,544                     |
| Inventory                                                               | 21,293                      |
| Right to Use Leased Assets, Net of Amortization                         | 804,636                     |
| Capital Assets Not Being Depreciated                                    | 10,263,621                  |
| Capital Assets Being Depreciated, Net of Accumulated Depreciation       | <u>32,741,000</u>           |
| Total Assets                                                            | <u>66,307,761</u>           |
| <b>Deferred Outflows of Resources</b>                                   |                             |
| Deferred Charges on Refunding Bonds                                     | 17,843                      |
| Other Postemployment Benefits                                           | 8,338,944                   |
| Pensions                                                                | <u>5,910,452</u>            |
| Total Deferred Outflows of Resources                                    | <u>14,267,239</u>           |
| <b>Total Assets and Deferred Outflow of Resources</b>                   | <b><u>\$ 80,575,000</u></b> |
| <b>Liabilities</b>                                                      |                             |
| Accounts Payable                                                        | \$ 242,826                  |
| Accrued Liabilities                                                     | 150,429                     |
| Due To                                                                  |                             |
| Other Governments                                                       | 350                         |
| Teachers' Retirement System                                             | 1,231,794                   |
| Employees' Retirement System                                            | 122,428                     |
| Short-Term Notes Payables                                               |                             |
| Bond Anticipation Notes                                                 | 1,085,528                   |
| Unearned Revenue                                                        |                             |
| Overpayments and Collections in Advance                                 | 11,772                      |
| Accrued Interest Payable                                                | 63,566                      |
| Long-term Liabilities                                                   |                             |
| Due Within One Year                                                     |                             |
| Bonds Payable                                                           | 1,765,000                   |
| Premium on Bond                                                         | 147,504                     |
| Energy Performance Contract Payable                                     | 197,505                     |
| Due in More Than One Year                                               |                             |
| Bonds Payable                                                           | 10,160,000                  |
| Premium on Bond                                                         | 758,105                     |
| Energy Performance Contract Payable                                     | 967,830                     |
| Other Postemployment Benefits                                           | 61,328,125                  |
| Net Pension Liability - Proportionate Share                             | 1,987,518                   |
| Compensated Absences                                                    | <u>730,700</u>              |
| Total Liabilities                                                       | <u>80,950,980</u>           |
| <b>Deferred Inflows of Resources</b>                                    |                             |
| Other Postemployment Benefits                                           | 12,859,355                  |
| Pension                                                                 | <u>1,195,557</u>            |
| Total Deferred Inflows of Resources                                     | <u>14,054,912</u>           |
| <b>Total Liabilities and Deferred Inflow of Resources</b>               | <b><u>95,005,892</u></b>    |
| <b>Net Position</b>                                                     |                             |
| Net Investment in Capital Assets                                        | 29,540,552                  |
| Restricted                                                              | 16,795,703                  |
| Unrestricted (Deficit)                                                  | <u>(60,767,147)</u>         |
| Total Net Position (Deficit)                                            | <u>(14,430,892)</u>         |
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Assets</b> | <b><u>\$ 80,575,000</u></b> |

The Accompanying Notes are an Integral Part of These Financial Statements.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2024

| Functions/Programs                         | Expenses             | Program Revenues     |                                    | Net (Expense)                       |
|--------------------------------------------|----------------------|----------------------|------------------------------------|-------------------------------------|
|                                            |                      | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Position |
| General Support                            | \$ 6,118,393         | \$                   | \$                                 | \$ (6,118,393)                      |
| Instruction                                | 30,185,177           | 6,830                | 2,996,397                          | (27,181,950)                        |
| Pupil Transportation                       | 2,895,958            |                      |                                    | (2,895,958)                         |
| Debt Service - Unallocated Interest        | 372,339              |                      |                                    | (372,339)                           |
| Food Service Program                       | <u>1,031,822</u>     | <u>148,351</u>       | <u>698,224</u>                     | <u>(185,247)</u>                    |
| Total Functions/Programs                   | <u>\$ 40,603,689</u> | <u>\$ 155,181</u>    | <u>\$ 3,694,621</u>                | <u>(36,753,887)</u>                 |
| <b>General Revenues</b>                    |                      |                      |                                    |                                     |
| Real Property Taxes                        |                      |                      |                                    | 12,519,965                          |
| Other Real Property Tax Items              |                      |                      |                                    | 1,703,639                           |
| Use of Money and Property                  |                      |                      |                                    | 1,132,582                           |
| Sale of Property and Compensation for Loss |                      |                      |                                    | 1,834                               |
| State and Federal Sources                  |                      |                      |                                    | 20,262,195                          |
| Miscellaneous                              |                      |                      |                                    | <u>1,199,503</u>                    |
| Total General Revenues                     |                      |                      |                                    | <u>36,819,718</u>                   |
| Change in Net Position                     |                      |                      |                                    | 65,831                              |
| Net Position (Deficit), Beginning of Year  |                      |                      |                                    | <u>(14,496,723)</u>                 |
| Net Position (Deficit), End of Year        |                      |                      |                                    | <u>\$ (14,430,892)</u>              |

The Accompanying Notes are an Integral Part of These Financial Statements.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2024

|                                           | General              | School<br>Lunch   | Special<br>Aid      | Miscellaneous<br>Special Revenue | Debt<br>Service     | Capital             | Total                |
|-------------------------------------------|----------------------|-------------------|---------------------|----------------------------------|---------------------|---------------------|----------------------|
| <b>Assets</b>                             |                      |                   |                     |                                  |                     |                     |                      |
| Cash and Cash Equivalents                 | \$ 898,158           | \$ 30,123         | \$ 4,027            | \$                               | \$                  | \$                  | \$ 932,308           |
| Restricted Cash and Cash Equivalents      | 14,088,341           |                   |                     | 199,076                          | 1,567,721           | 1,055,593           | 16,910,731           |
| Investments                               | 1,897,702            |                   |                     |                                  |                     |                     | 1,897,702            |
| Receivables                               |                      |                   |                     |                                  |                     |                     |                      |
| Due From Other Governments                | 1,485,024            | 49,665            | 1,009,237           |                                  |                     |                     | 2,543,926            |
| Due From Other Funds                      | 1,053,363            |                   |                     |                                  | 2,106               | 100,000             | 1,155,469            |
| Other Receivables                         | 191,412              | 477               |                     | 655                              |                     |                     | 192,544              |
| Inventory                                 |                      | 21,293            |                     |                                  |                     |                     | 21,293               |
| <b>Total Assets</b>                       | <u>\$ 19,614,000</u> | <u>\$ 101,558</u> | <u>\$ 1,013,264</u> | <u>\$ 199,731</u>                | <u>\$ 1,569,827</u> | <u>\$ 1,155,593</u> | <u>\$ 23,653,973</u> |
| <b>Liabilities</b>                        |                      |                   |                     |                                  |                     |                     |                      |
| <b>Payables</b>                           |                      |                   |                     |                                  |                     |                     |                      |
| Accounts Payable                          | \$                   | \$                | \$                  | \$                               | \$                  | \$ 242,826          | \$ 242,826           |
| Accrued Liabilities                       | 125,402              | 3,435             | 21,592              |                                  |                     |                     | 150,429              |
| Due To                                    |                      |                   |                     |                                  |                     |                     |                      |
| Other Governments                         |                      | 350               |                     |                                  |                     |                     | 350                  |
| Other Funds                               | 101,050              | 61,685            | 991,672             |                                  |                     | 1,062               | 1,155,469            |
| Teachers' Retirement System               | 1,231,794            |                   |                     |                                  |                     |                     | 1,231,794            |
| Employees' Retirement System              | 122,428              |                   |                     |                                  |                     |                     | 122,428              |
| Accrued Interest Payable                  | 40,550               |                   |                     |                                  |                     |                     | 40,550               |
| Short-Term Notes Payable                  |                      |                   |                     |                                  |                     |                     |                      |
| Bond Anticipation Note                    |                      |                   |                     |                                  |                     | 1,085,528           | 1,085,528            |
| Overpayments and Collections in Advance   |                      | 11,772            |                     |                                  |                     |                     | 11,772               |
| <b>Total Liabilities</b>                  | <u>1,621,224</u>     | <u>77,242</u>     | <u>1,013,264</u>    | <u></u>                          | <u></u>             | <u>1,329,416</u>    | <u>4,041,146</u>     |
| <b>Fund Balance</b>                       |                      |                   |                     |                                  |                     |                     |                      |
| Nonspendable                              |                      | 21,293            |                     |                                  |                     |                     | 21,293               |
| Restricted                                | 14,088,341           |                   |                     | 199,731                          | 1,569,827           | 937,804             | 16,795,703           |
| Assigned                                  | 2,327,944            | 3,023             |                     |                                  |                     |                     | 2,330,967            |
| Unassigned (Deficit)                      | 1,576,491            |                   |                     |                                  |                     | (1,111,627)         | 464,864              |
| <b>Total Fund Balance (Deficit)</b>       | <u>17,992,776</u>    | <u>24,316</u>     | <u></u>             | <u>199,731</u>                   | <u>1,569,827</u>    | <u>(173,823)</u>    | <u>19,612,827</u>    |
| <b>Total Liabilities and Fund Balance</b> | <u>\$ 19,614,000</u> | <u>\$ 101,558</u> | <u>\$ 1,013,264</u> | <u>\$ 199,731</u>                | <u>\$ 1,569,827</u> | <u>\$ 1,155,593</u> | <u>\$ 23,653,973</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.



**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES  
TO THE DISTRICT-WIDE NET POSITION  
June 30, 2024**

Total Governmental Fund Balances \$ 19,612,827

Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building, leasing, and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

|                                            |                     |            |
|--------------------------------------------|---------------------|------------|
| Original Cost of Right to Use Leased Asset | 2,151,361           |            |
| Accumulated Amortization                   | (1,346,725)         |            |
| Original Cost of Capital Assets            | 63,840,062          |            |
| Accumulated Depreciation                   | <u>(20,835,441)</u> | 43,809,257 |

Proportionate share of long-term asset and/or liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.

|                                             |                    |           |
|---------------------------------------------|--------------------|-----------|
| Deferred Outflows - Pensions                | 5,910,452          |           |
| Net Pension Liability - Proportionate Share | (1,987,518)        |           |
| Deferred Inflows - Pensions                 | <u>(1,195,557)</u> | 2,727,377 |

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:

|                                                   |                  |                     |
|---------------------------------------------------|------------------|---------------------|
| Bonds Payable                                     | (11,925,000)     |                     |
| Premium on Bond                                   | (905,609)        |                     |
| Energy Performance Contract Payable               | (1,165,335)      |                     |
| Accrued Interest on Bonds Payable                 | (23,016)         |                     |
| Deferred Charges on Serial Bonds                  | 17,843           |                     |
| Other Postemployment Benefits                     | (61,328,125)     |                     |
| Deferred Outflows - Other Postemployment Benefits | 8,338,944        |                     |
| Deferred Inflows - Other Postemployment Benefits  | (12,859,355)     |                     |
| Compensated Absences Payable                      | <u>(730,700)</u> | <u>(80,580,353)</u> |

Total Net Position \$ (14,430,892)

The Accompanying Notes are an Integral Part of These Financial Statements.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2024**

|                                                                                       | General              | School Lunch     | Special Aid      | Miscellaneous Special Revenue | Debt Service        | Capital             | Total                |
|---------------------------------------------------------------------------------------|----------------------|------------------|------------------|-------------------------------|---------------------|---------------------|----------------------|
| <b>Revenues</b>                                                                       |                      |                  |                  |                               |                     |                     |                      |
| Real Property Taxes                                                                   | \$ 12,519,965        |                  |                  |                               |                     |                     | \$ 12,519,965        |
| Other Real Property Tax Items                                                         | 1,703,639            |                  |                  |                               |                     |                     | 1,703,639            |
| Charges for Services                                                                  | 6,830                |                  |                  |                               |                     |                     | 6,830                |
| Use of Money and Property                                                             | 1,052,300            | 6                |                  |                               | 80,276              |                     | 1,132,582            |
| Sale of Property and Compensation for Loss                                            | 1,834                |                  |                  |                               |                     |                     | 1,834                |
| Premiums on Obligations                                                               |                      |                  |                  |                               | 3,515               |                     | 3,515                |
| Miscellaneous                                                                         | 1,125,188            | 7,167            |                  | 63,633                        |                     |                     | 1,195,988            |
| State Aid                                                                             | 20,149,177           | 287,041          | 582,065          |                               |                     |                     | 21,018,283           |
| Federal Aid                                                                           | 113,018              | 411,183          | 2,414,332        |                               |                     |                     | 2,938,533            |
| School Lunch Sales                                                                    |                      | 148,351          |                  |                               |                     |                     | 148,351              |
| <b>Total Revenues</b>                                                                 | <u>36,671,951</u>    | <u>853,748</u>   | <u>2,996,397</u> | <u>63,633</u>                 | <u>83,791</u>       |                     | <u>40,669,520</u>    |
| <b>Expenditures</b>                                                                   |                      |                  |                  |                               |                     |                     |                      |
| General Support                                                                       | 4,839,094            |                  |                  |                               |                     | 72,906              | 4,912,000            |
| Instruction                                                                           | 17,703,531           |                  | 2,982,421        | 42,912                        |                     | 1,026,188           | 21,755,052           |
| Pupil Transportation                                                                  | 1,918,366            |                  | 37,023           |                               |                     | 295,517             | 2,250,906            |
| Food Service Program                                                                  |                      | 811,871          |                  |                               |                     |                     | 811,871              |
| Employee Benefits                                                                     | 7,923,331            | 23,929           |                  |                               |                     |                     | 7,947,260            |
| Debt Service - Principal                                                              | 2,581,062            |                  |                  |                               |                     |                     | 2,581,062            |
| Debt Service - Interest                                                               | 513,971              |                  |                  |                               |                     |                     | 513,971              |
| <b>Total Expenditures</b>                                                             | <u>35,479,355</u>    | <u>835,800</u>   | <u>3,019,444</u> | <u>42,912</u>                 |                     | <u>1,394,611</u>    | <u>40,772,122</u>    |
| Excess (Deficit) Revenues Over Expenditures                                           | <u>1,192,596</u>     | <u>17,948</u>    | <u>(23,047)</u>  | <u>20,721</u>                 | <u>83,791</u>       | <u>(1,394,611)</u>  | <u>(102,602)</u>     |
| <b>Other Financing Sources (Uses)</b>                                                 |                      |                  |                  |                               |                     |                     |                      |
| BANs Redeemed from Appropriations                                                     |                      |                  |                  |                               |                     | 345,426             | 345,426              |
| Transfers from Other Funds                                                            | 6,629                |                  | 23,047           |                               |                     | 921,068             | 950,744              |
| Transfers to Other Funds                                                              | (944,115)            |                  |                  |                               |                     | (6,629)             | (950,744)            |
| <b>Total Other Financing Sources (Uses)</b>                                           | <u>(937,486)</u>     |                  | <u>23,047</u>    |                               |                     | <u>1,259,865</u>    | <u>345,426</u>       |
| <b>Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)</b> | <u>255,110</u>       | <u>17,948</u>    |                  | <u>20,721</u>                 | <u>83,791</u>       | <u>(134,746)</u>    | <u>242,824</u>       |
| <b>Fund Balance (Deficit), Beginning of Year</b>                                      | <u>17,737,666</u>    | <u>6,368</u>     |                  | <u>179,010</u>                | <u>1,486,036</u>    | <u>(39,077)</u>     | <u>19,370,003</u>    |
| <b>Fund Balance (Deficit), End of Year</b>                                            | <u>\$ 17,992,776</u> | <u>\$ 24,316</u> | <u>\$</u>        | <u>\$ 199,731</u>             | <u>\$ 1,569,827</u> | <u>\$ (173,823)</u> | <u>\$ 19,612,827</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES AND  
EXPENDITURES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024**

Net Changes in Fund Balance - Total Governmental Funds \$ 242,824

Capital Outlays to lease, purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation or amortization expenses in the Statement of Activities. This is the amount by which capital outlays and lease asset additions exceeded depreciation and amortization expense exceeded in the period.

|                                     |                  |         |
|-------------------------------------|------------------|---------|
| Right to Use Leased Asset Additions | 420,070          |         |
| Amortization Expense                | (430,272)        |         |
| Depreciation Expense                | (1,278,148)      |         |
| Capital Outlays                     | <u>1,568,732</u> | 280,382 |

Notes payable and bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which principal payments on long term debt exceeded debt proceeds during the period.

|                                                             |               |           |
|-------------------------------------------------------------|---------------|-----------|
| Principal Payments on Bonds and Energy Performance Contract | 2,161,531     |           |
| Amortization of Premium on Bond                             | 147,504       |           |
| Principal Payments on Leases                                | <u>74,105</u> | 2,383,140 |

Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

|                                                                                   |               |                    |
|-----------------------------------------------------------------------------------|---------------|--------------------|
| Amortization of Deferred Outflows from Advance Refunding of Debt                  | (8,922)       |                    |
| Change in Accrued Interest on Serial Bonds                                        | 3,050         |                    |
| Change in Other Postemployment Benefits (including Deferred Outflows and Inflows) | (1,833,445)   |                    |
| Change in Pension Expense                                                         | (1,063,664)   |                    |
| Change in Compensated Absences                                                    | <u>62,466</u> | <u>(2,840,515)</u> |

Change in Net Position Governmental Activities \$ 65,831

The Accompanying Notes are an Integral Part of These Financial Statements.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2024

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|                                          | <u>Custodial</u> |
|------------------------------------------|------------------|
| <b>Assets</b>                            |                  |
| Cash and Cash Equivalents - Restricted   | \$ <u>79,789</u> |
| <b>Net Position</b>                      |                  |
| Restricted for Extraclassroom Activities | \$ <u>79,789</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended June 30, 2024**

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|                                                           | <u>Custodial</u> |
|-----------------------------------------------------------|------------------|
| <b>Additions</b>                                          |                  |
| Charges for Services, Sale of Property, and Miscellaneous | \$ 179,300       |
| Taxes Collected for Other Governments                     | <u>30,000</u>    |
| Total Additions                                           | <u>209,300</u>   |
| <b>Deductions</b>                                         |                  |
| Club Activities                                           | 176,081          |
| Taxes Distributed to Other Governments                    | <u>30,000</u>    |
| Total Deductions                                          | <u>206,081</u>   |
| <b>Change in Net Position</b>                             | 3,219            |
| <b>Net Position, Beginning of Year</b>                    | <u>76,570</u>    |
| <b>Net Position, End of Year</b>                          | <u>\$ 79,789</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Holland Patent Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the School District are described below:

***Reporting Entity***

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls, all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying basic financial statements present the activities of the School District. The School District is not a component unit of another 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 description of certain entities included in the School District's reporting entity.

***(a) Extraclassroom Activity Funds***

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The School District accounts for assets held as an agent for various student organizations in a Fiduciary Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's administrative offices.

***Joint Venture***

The School District is a component district in the Oneida-Herkimer-Madison Board of Cooperative Educational Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the New York State Education Law. 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 New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

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***Basis of Presentation***

***(a) District-Wide Statements***

The Statement of Net Position and the Statement of Activities present financial information about the School 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 the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, such as employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. 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.

***(b) Fund Financial Statements***

The fund statements provide information about the School 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. All funds of the School District are displayed as major funds. The School District reports the following governmental funds:

***General Fund:*** This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

***Special Revenue Funds:***

**Special Aid Fund:** This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

**School Lunch Fund:** This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

**Miscellaneous Special Revenue Fund:** This fund is used to account for and report transactions of the School District's scholarship funds. The District has both custody and administrative control over the various scholarships. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

***Debt Service Fund:*** This fund accounts for and reports financial resources that are restricted to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated.

***Capital Projects Fund:*** This fund is used to account for and report financial resources that are restricted or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***(c) Fiduciary Funds***

This fund is used to account for and report fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide financial statements, because their resources do not belong to the School District and are not available to be used. There is one class of fiduciary funds:

***Custodial Funds:*** These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for various student groups and tax collections for the independent library within the District.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

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***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. Nonexchange transactions, in which the School 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 School District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other postemployment benefit obligations, 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 capital leases are reported as other financing sources.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, other postemployment benefit obligations, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

***Cash and Cash Equivalents***

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (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. 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 Districts.

***Property Taxes***

Real property taxes are levied annually by the Board of Education and become a lien on September 1. Taxes are collected during the period September 1 to October 31. The County of Oneida subsequently enforces uncollected real property taxes. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the School District no later than the following April 1.

***Receivables***

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

***Investments***

Investments held by the School District are stated at fair value. Changes in the fair value of the investments and interest are reported as investment income, displayed in use of money and property revenue.

***Interfund Transactions***

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.



**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

The amounts reported on the Statement of Net Position for due to and due 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 interfund transactions for governmental funds throughout the year is shown in Note 8 to the financial statements.

***Inventories and Prepaid Items***

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. A reserve for inventory has been recognized to indicate that this does not constitute available spendable resources.

Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

***Capital Assets***

Capital assets are reported at actual cost for acquisitions subsequent to July 2, 2002. For assets acquired prior to July 2, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received. The School District uses capitalization thresholds of \$1,000 for machinery, equipment, vehicles, land, and building improvements. Depreciation methods and estimated useful lives of capital assets reported in the district-wide statements are as follows:

|                                    | <u>Lives</u> | <u>Method</u> |
|------------------------------------|--------------|---------------|
| Furniture, Equipment, and Vehicles | 5-15 Years   | Straight Line |
| Buildings and Improvements         | 50 Years     | Straight Line |
| Land Improvements                  | 20 Years     | Straight Line |

***Right to Use Leased Assets***

The School District has recorded right to use lease assets as a result of implementing GASB No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease, which range from 3-5 years.

***Unearned Revenue***

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

***Deferred Outflow 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. First is the deferred charge on refunding of debt reported in the District-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second 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 proportion share of total contributions not included in pension expense. The third item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and changes in assumptions during the year.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

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***Deferred Inflows of Resources***

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 qualifies 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 and liability 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 item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

***Vested Employee Benefits - Compensated Absences***

The School 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 varying 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 receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

***Other Benefits***

Eligible School District employees participate in the New York State Teachers' Retirement System or the New York State Employees' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting.

***Short-Term Debt***

The School District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the fund that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

***Accrued Liabilities and Long-Term Obligations***

Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

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***Restricted Resources***

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use and associated legal requirements.

***Equity Classifications***

***(a) District-wide Financial Statements***

In the District-wide statements there are three classes of net position:

Net investment in capital assets – consists of net capital and right-to-use assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

Restricted net position – reports a restricted portion of net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports the balance of net position that does not meet the definition of the above classifications and are deemed to be available for general use by the District.

***(b) Fund Statements***

The following classifications describe the relative strength of the spending constraints:

***Non-spendable***

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the inventories in the school lunch fund.

***Restricted Resources***

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net assets are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

- ***Reserve for Workers' Compensation*** - 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. Within 60 days after the end of any fiscal year, excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

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- **Unemployment Insurance Reserve** - According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. 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 either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) 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 accounted for in the general fund.
- **Reserve for Employee Benefits Accrued Liability** - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board 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.
- **Retirement Contribution Reserve** - The Retirement Contribution Reserve (GML §6-r) (Chapter 260 of the NYS Laws of 2004) is used to reserve funds for the payment of retirement contributions to the New York State and Local Employees' Retirement System. This reserve was established by a Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to New York State Teachers' Retirement System. During a fiscal year, a Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law 6-r.
- **Insurance Reserve** - Insurance reserve (GML §6-n) is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used of any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.
- **Reserve for Tax Certiorari** - Tax Certiorari Reserve (Education Law §3651.1-a) 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 that amount, 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 proceedings 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 deposit of these monies. The reserve is accounted for in the General Fund.
- **Reserve for Repairs** - This reserve is used to accumulate funds through voter approval to finance future costs of major repairs to capital improvements or equipment. 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 fiscal years. The reserve is accounted for in the general fund.
- **Capital Reserve** - The Capital Reserve is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the people at any special or annual meeting. Such authorization is further required for payments from the capital reserve. The form of the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of Education Law. This reserve is accounted for in the General Fund.
  - In May 2020, the Board and voters established a capital reserve fund to reserve up to \$9,839,000 for the purpose of capital improvements. The reserve was established with a probable term of ten years. The fund can be used to offset the local share of future capital project work. This proposition only establishes the capital reserve fund and does not obligate the district to fund it at any specific level at any time. The district will determine the level at which it is funded based on current and future financial conditions. As of June 30, 2024, the District has funded \$5,697,229 into this reserve.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

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- **Reserve for Endowments and Scholarships** - This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.
- **Debt Service** - Used to account for the accumulation of resources and that are restricted to pay debt service. The fund includes all unused debt proceeds and interest and earnings on temporary investment of debt proceeds. This reserve is accounted for in the debt service fund.
- **Capital Projects Fund** - This fund is used to account for and report the financial resources that are restricted for acquisition, construction or major repair of capital facilities.

**Unrestricted Resources**

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

- **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2024.
- **Assigned** - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official such as the District's purchasing agent to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than the capital projects fund, are classified as assigned fund balance. The amount appropriated for the subsequent year's budget of the general fund is also classified as assigned fund balance in the general fund.
- **Unassigned** - Includes all other fund net assets that do not meet the definition of the above classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

**(c) Restricted for Extraclassroom Activities**

This reserve is used to account for various student groups or extraclassroom activities. This reserve is accounted for in the Custodial Fund.

**(d) Order of Use of Fund Balance**

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

**Future Changes in Accounting Standards**

GASB Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026.

The District will evaluate the impact these pronouncement may have on its financial statements and will implement them as applicable and when material.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024**

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**2. EXPLANATION OF 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 resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.

***Total Fund Balances of Governmental Funds Compared To Net Position of Governmental Activities***

Total fund balances of the School 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.

***Statement of Revenues, Expenditures, and Changes In Fund Balance Compared To 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 six broad categories.

***(a) 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.

***(b) 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 or lease of capital items in the governmental fund statements and depreciation and amortization expense on those items as recorded in the Statement of Activities.

***(c) 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.

***(d) Employee Benefit Allocation***

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balance based on the requirements of New York State. These costs have been allocated based on total salary for each function in the Statement of Activities.

***(e) 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.

***(f) 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.

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgetary Procedures and Budgetary Accounting***

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which legal (appropriated) budgets are adopted.

The voters of the School District approved the proposed appropriation budget for the General Fund.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

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Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over the subsequent fiscal years until the completion of the projects.

***Encumbrances***

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

***NYS Real Property Tax Cap***

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments including school districts can levy. The tax levy for the 2023-2024 school year was in compliance with the NYS Tax Cap Limit.

***General Fund – Statutory Unassigned Fund Balance Limit***

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2024, the School District's unassigned fund balance was 3.90% of the 2024-2025 budget.

**4. CUSTODIAL AND CONCENTRATION OF CREDIT RISK**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- A. Uncollateralized;
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

As of June 30, 2024, with the School District's bank balances totaling \$20,372,166 were fully collateralized by securities held by an agent of the pledging financial institution in the School District's name, FDIC insurance, and NCUA insurance; and were not exposed to custodial credit risk.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

**5. INVESTMENTS**

The District participates in the New York Liquid Asset Fund (NYLAF), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2024, the District held \$1,897,702 in these investments consisting of various investments in securities issued by the United States and its agencies. The following valuation inputs are included as investments:

Total investments of the cooperative as of year-end are \$1,493,175,455, which consisted of \$328,498,600 in repurchase agreements, \$642,065,446 in U. S. Treasury Securities and \$522,611,409 in U.S. Government Guaranteed Securities.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instructions could result in a different fair value measurement at the reporting date.

| Investments in<br>Securities at Fair Value | Level 1      | Level 2  | Level 3  | Total        |
|--------------------------------------------|--------------|----------|----------|--------------|
| General Fund                               | \$ 1,897,702 | \$ _____ | \$ _____ | \$ 1,897,702 |

The above amounts represent the fair value of the investment pool shares the District invested in. For the year ended June 30, 2024, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

**Risks and Uncertainties with Investments**

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position.

**6. RESTRICTED CASH AND CASH EQUIVALENTS**

Restricted cash and investments of \$14,088,341 in the General Fund represents the following:

| Description                        | Amount               |
|------------------------------------|----------------------|
| Workers' Compensation              | \$ 509,796           |
| Unemployment Insurance             | 136,079              |
| Employee Benefit Accrued Liability | 1,482,151            |
| Retirement Contribution - ERS      | 4,719,425            |
| Retirement Contribution - TRS      | 957,000              |
| Insurance                          | 112,071              |
| Capital Reserve                    | 5,010,428            |
| Tax Certiorari                     | 1,158,558            |
| Repairs                            | <u>2,833</u>         |
| Total                              | <u>\$ 14,088,341</u> |

Restricted cash of \$199,076 in the Miscellaneous Special Revenue Fund represents funds gifted to the school district for scholarships and awards.

Restricted cash of \$1,567,721 in the Debt Service Fund represents cash restricted towards future debt service expenditures.

Restricted cash of \$1,055,593 in the Capital Fund represents cash restricted towards the District's capital projects.

Restricted cash of \$79,789 in the Fiduciary Custodial Fund represents the student activity cash balances at June 30, 2024.



**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

**7. CAPITAL AND RIGHT TO USE LEASED ASSETS**

Capital asset activity for the year ended June 30, 2024, is as follows:

|                                             | Beginning<br>Balance | Increases         | Decreases      | Ending<br>Balance    |
|---------------------------------------------|----------------------|-------------------|----------------|----------------------|
| <b>Capital Assets Not Being Depreciated</b> |                      |                   |                |                      |
| Land                                        | \$ 110,000           | \$                | \$             | \$ 110,000           |
| Construction in Progress                    | 9,042,943            | 1,110,678         |                | 10,153,621           |
| Total                                       | <u>9,152,943</u>     | <u>1,110,678</u>  |                | <u>10,263,621</u>    |
| <b>Capital Assets Being Depreciated</b>     |                      |                   |                |                      |
| Buildings and Improvements                  | 46,190,074           | 11,138            |                | 46,201,212           |
| Land Improvements                           | 1,475,328            |                   |                | 1,475,328            |
| Furniture, Equipment and Vehicles           | 6,017,354            | 446,916           | 564,369        | 5,899,901            |
| Total                                       | <u>53,682,756</u>    | <u>458,054</u>    | <u>564,369</u> | <u>53,576,441</u>    |
| <b>Accumulated Depreciation</b>             |                      |                   |                |                      |
| Buildings and Improvements                  | 14,890,479           | 800,184           |                | 15,690,663           |
| Land Improvements                           | 1,461,448            | 11,500            |                | 1,472,948            |
| Furniture, Equipment and Vehicles           | 3,769,735            | 466,464           | 564,369        | 3,671,830            |
| Total                                       | <u>20,121,662</u>    | <u>1,278,148</u>  | <u>564,369</u> | <u>20,835,441</u>    |
| <b>Net Capital Assets Being Depreciated</b> | <u>33,561,094</u>    | <u>(820,094)</u>  |                | <u>32,741,000</u>    |
| <b>Net Capital Assets</b>                   | <u>\$ 42,714,037</u> | <u>\$ 290,584</u> | <u>\$</u>      | <u>\$ 43,004,621</u> |

Depreciation expense is allocated to the following functions/programs:

| Function/Program   |                     |
|--------------------|---------------------|
| General Support    | \$ 252,855          |
| Instruction        | 925,054             |
| Transportation     | 100,239             |
| Total Depreciation | <u>\$ 1,278,148</u> |

Right to use leased asset activity for the year ended June 30, 2024, is as follows:

|                                       | Beginning<br>Balance | Additions          | Deletions  | Ending<br>Balance |
|---------------------------------------|----------------------|--------------------|------------|-------------------|
| <b>Right to Use Leased Assets</b>     |                      |                    |            |                   |
| Leased Equipment                      | \$ 2,352,789         | \$ 420,070         | \$ 621,498 | \$ 2,151,361      |
| <b>Accumulated Amortization</b>       |                      |                    |            |                   |
| Leased Equipment                      | 1,537,951            | 430,272            | 621,498    | 1,346,725         |
| <b>Net Right to Use Leased Assets</b> | <u>\$ 814,838</u>    | <u>\$ (10,202)</u> | <u>\$</u>  | <u>\$ 804,636</u> |

Amortization expense of \$430,272 is charged to instruction.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

**8. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

| Fund                        | Interfund           |                     | Interfund         |                   |
|-----------------------------|---------------------|---------------------|-------------------|-------------------|
|                             | Receivables         | Payables            | Revenues          | Expenditures      |
| General                     | \$ 1,053,363        | \$ 101,050          | \$ 6,629          | \$ 944,115        |
| School Lunch                |                     | 61,685              |                   |                   |
| Special Aid                 |                     | 991,672             | 23,047            |                   |
| Debt Service                | 2,106               |                     |                   |                   |
| Capital Projects            | <u>100,000</u>      | <u>1,062</u>        | <u>921,068</u>    | <u>6,629</u>      |
| Total Government Activities | <u>\$ 1,155,469</u> | <u>\$ 1,155,469</u> | <u>\$ 950,744</u> | <u>\$ 950,744</u> |

- The District made a transfer of \$23,047 from the General Fund to the Special Aid Fund, which represents the local share of tuition and transportation of the Summer School Program.
- The District transferred \$6,629 from the Capital Fund to the General Fund of unspent funds on completed projects. In addition, the District transferred \$921,068 from the General Fund to the Capital Projects Fund for the appropriation of the 2024 Capital Outlay project, 2024 Emergency Pool Project and the ongoing 2023 Capital Project.
- Interfund receivables and payables are typically liquidated within 1 year.

**9. SHORT-TERM DEBT**

The changes in short-term debt during the year are as follows:

| Description | Maturity Date | Interest Rate | Beginning Balance   | Issued              | Deletions           | Redeemed  | Ending Balance      |
|-------------|---------------|---------------|---------------------|---------------------|---------------------|-----------|---------------------|
| BAN         | 8/30/2024     | 4.50%         | \$                  | \$ 1,085,528        | \$                  | \$        | \$ 1,085,528        |
| BAN         | 9/3/2023      | 2.85%         | <u>1,085,426</u>    |                     | <u>1,085,426</u>    |           |                     |
|             |               |               | <u>\$ 1,085,426</u> | <u>\$ 1,085,528</u> | <u>\$ 1,085,426</u> | <u>\$</u> | <u>\$ 1,085,528</u> |

Interest on short term debt was as follows:

|                                            |                  |
|--------------------------------------------|------------------|
| Interest Paid                              | \$ 30,849        |
| Less: Interest Accrued in the Prior Year   | (25,580)         |
| Plus: Interest Accrued in the Current Year | <u>40,550</u>    |
| Total Interest Expense on Short-Term Debt  | <u>\$ 45,819</u> |

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

**10. LONG-TERM LIABILITIES**

Long-term liability balances and activity are as follows:

| Description                        | Beginning<br>Balance        | Additions                | Deductions                 | Ending<br>Balance           | Amounts<br>Due Within<br>One Year |
|------------------------------------|-----------------------------|--------------------------|----------------------------|-----------------------------|-----------------------------------|
| Bonds Payable                      |                             |                          |                            |                             |                                   |
| Serial Bonds                       | \$ 13,895,000               | \$                       | \$ 1,970,000               | \$ 11,925,000               | \$ 1,765,000                      |
| Unamortized Bond Premium           | 1,053,113                   |                          | 147,504                    | 905,609                     | 147,504                           |
| Energy Performance Contract        | 1,356,866                   |                          | 191,531                    | 1,165,335                   | 197,505                           |
| Lease Liability                    | 74,105                      |                          | 74,105                     |                             |                                   |
| Other Liabilities                  |                             |                          |                            |                             |                                   |
| Other Postemployment Benefits      | 60,837,855                  | 490,270                  |                            | 61,328,125                  |                                   |
| Net Pension Liability              | 3,015,851                   |                          | 1,028,333                  | 1,987,518                   |                                   |
| Compensated Absences               | 793,166                     |                          | 62,466                     | 730,700                     |                                   |
| <b>Total Long Term Liabilities</b> | <b><u>\$ 81,025,956</u></b> | <b><u>\$ 490,270</u></b> | <b><u>\$ 3,473,939</u></b> | <b><u>\$ 78,042,287</u></b> | <b><u>\$ 2,110,009</u></b>        |

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as an expenditure when such amounts are due.

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 circumstances 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.

Details relating to general obligation (serial) bonds and energy performance contract of the School District outstanding at June 30, 2024, are summarized as follows:

| Payable From/Description    | Original<br>Issue | Amount        | Final<br>Maturity | Interest<br>Rate (%) | Outstanding<br>Amount       |
|-----------------------------|-------------------|---------------|-------------------|----------------------|-----------------------------|
| General Fund                |                   |               |                   |                      |                             |
| Serial Bond                 | 06/08/17          | \$ 4,215,000  | 10/01/32          | 3.0-5.0              | \$ 2,510,000                |
| Serial Bond                 | 06/17/19          | \$ 1,940,000  | 06/15/34          | 2.68                 | 1,055,000                   |
| Serial Bond-Refunding       | 03/20/20          | \$ 3,280,000  | 06/15/26          | 1.5-5.0              | 560,000                     |
| Serial Bond                 | 06/16/21          | \$ 10,349,000 | 06/15/37          | 2.00                 | 7,800,000                   |
| Energy Performance Contract | 10/31/15          | \$ 2,767,828  | 10/15/29          | 3.09                 | 1,165,335                   |
| Total                       |                   |               |                   |                      | <b><u>\$ 13,090,335</u></b> |

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

Principal and interest payments due on serial bonds is as follows:

| Fiscal Year Ending<br><u>June 30,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|---------------------------------------|----------------------|---------------------|----------------------|
| 2025                                  | \$ 1,765,000         | \$ 354,450          | \$ 2,119,450         |
| 2026                                  | 1,030,000            | 293,500             | 1,323,500            |
| 2027                                  | 990,000              | 261,750             | 1,251,750            |
| 2028                                  | 1,020,000            | 229,650             | 1,249,650            |
| 2029                                  | 1,050,000            | 196,350             | 1,246,350            |
| 2030-2034                             | 4,675,000            | 485,600             | 5,160,600            |
| 2035-3037                             | 1,395,000            | 47,400              | 1,442,400            |
| Total                                 | <u>\$ 11,925,000</u> | <u>\$ 1,868,700</u> | <u>\$ 13,793,700</u> |

Principal and interest payments due on the Energy Performance Contract are as follows:

| For the Year Ending<br><u>June 30,</u> | <u>Energy Performance Contract</u> |                   |                     |
|----------------------------------------|------------------------------------|-------------------|---------------------|
|                                        | <u>Principal</u>                   | <u>Interest</u>   | <u>Total</u>        |
| 2025                                   | \$ 197,505                         | \$ 34,551         | \$ 232,056          |
| 2026                                   | 203,665                            | 28,391            | 232,056             |
| 2027                                   | 210,017                            | 22,038            | 232,055             |
| 2028                                   | 216,567                            | 15,488            | 232,055             |
| 2029                                   | 223,322                            | 8,733             | 232,055             |
| 2030                                   | 114,259                            | 1,768             | 116,027             |
| Total                                  | <u>\$ 1,165,335</u>                | <u>\$ 110,969</u> | <u>\$ 1,276,304</u> |

***Lease Liability***

The District has entered into agreements with the BOCES to lease certain equipment such as copiers and other technology equipment. The lease agreements qualify as other than short-term leases under GASB 87. For some agreements, the District has made lump sum payments at the beginning of the lease term and thus, there are right to use assets with a net book value of \$742,303 at June 30, 2024 with no corresponding lease liability. These agreements were executed on various dates ranging from July 1, 2018 to June 30, 2024 and are for a term ranging 4-5 years.

For other lease agreements, lease payments are made annually as stated in the agreement, and therefore, a lease liability has been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements. The details of these lease agreements are as follows:

| <u>Description</u>                | <u>Lease Inception<br/>Date</u> | <u>Term<br/>(Years)</u> | <u>Interest Rate</u> | <u>Annual Payment</u> | <u>Lease Liability</u> |
|-----------------------------------|---------------------------------|-------------------------|----------------------|-----------------------|------------------------|
| Administrative Computer Equipment | 8/15/2020                       | 4                       | 2.374%               | \$ 75,484             | \$ 0                   |

As a result of these leases, the District has recorded a right to use asset with a net book value of \$62,333 at June 30, 2024. This Right to Use Asset is being amortized over the life of the equipment which is 5 years.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

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***Serial Bond Unamortized Premium***

The original issue premium on bonds has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premium is being amortized using the straight-line method over the life of the bond. The current year amortization is \$147,504 and is included as a reduction to interest expense on the Statement of Activities.

|                                         |                   |
|-----------------------------------------|-------------------|
| Unamortized Premium, 6/30/2023          | \$ 1,053,113      |
| Less: Amount Recognized in Current Year | <u>(147,504)</u>  |
| Unamortized Premium, 6/30/2024          | <u>\$ 905,609</u> |

***Deferred Charge on Refunding Debt***

During 2020, the District issued \$3,280,000 in general obligation bonds to advance refund \$3,535,000 of outstanding 2010 serial bonds. The refunding resulted in a deferred loss of \$53,531, which is classified as a deferred outflow of resources in accordance with GASB 63 and GASB 65. The deferred amount on the advance refunding of serial bonds is amortized on the District-wide financial statements using the straight-line method over the remaining time to maturity of the refunded bonds. The current year amortization is \$8,922, and is included as interest expense on the District-wide financial statements.

|                                                 |                  |
|-------------------------------------------------|------------------|
| Deferred Amounts from Refunding Debt, 6/30/2023 | \$ 26,765        |
| Less: Amount Amortized in Current Year          | <u>(8,922)</u>   |
| Deferred Amounts from Refunding Debt, 6/30/2024 | <u>\$ 17,843</u> |

Interest on long-term debt for the year was comprised of:

|                                                 |                   |
|-------------------------------------------------|-------------------|
| Interest Paid                                   | \$ 468,152        |
| Less: Interest Accrued in the Prior Year        | (26,066)          |
| Plus: Amortization of Advance Refunding Charges | 8,922             |
| Less: Amortization of Bond Premium              | (147,504)         |
| Plus: Interest Accrued in the Current Year      | <u>23,016</u>     |
| Total Interest Expense on Long-Term Debt        | <u>\$ 326,520</u> |

***Debt Limit***

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consist of taking the 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 Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority. At June 30, 2024, the School District was in compliance with its statutory debt limit.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

**11. PENSION PLANS**

**A. New York State and Local Employees' Retirement System (ERS)**

*(a) Plan Description*

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee 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. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2022, he was elected for a new term commencing January 1, 2023. 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 School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting.

Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. 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](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

*(b) Contributions*

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, but prior to April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3% and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2024, were paid.

The required contributions for the current year and two preceding years were:

|      | Amount     |
|------|------------|
| 2022 | \$ 520,339 |
| 2023 | \$ 371,878 |
| 2024 | \$ 411,632 |

*(c) Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2024, the School District reported a liability of \$1,291,156 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024 and 2023, the School District's proportion was .0087690 percent and .0086416 percent, respectively.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

For the year ended June 30, 2024, the School District recognized a pension expense of \$666,231. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                         | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                                      | \$ 415,880                        | \$ 35,206                        |
| Change of assumptions                                                                                   | 488,157                           |                                  |
| Net difference between projected and actual earnings on<br>Pensions plan investments                    |                                   | 630,723                          |
| Changes in proportion and differences between contributions<br>and proportionate share of contributions | 204,172                           | 1,371                            |
| Contributions subsequent to the measurement date                                                        | 122,428                           |                                  |
| Total                                                                                                   | \$ 1,230,637                      | \$ 667,300                       |

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, |              |
|---------------------|--------------|
| 2025                | \$ (152,231) |
| 2026                | \$ 309,726   |
| 2027                | \$ 406,458   |
| 2028                | \$ (123,044) |

**(d) Actuarial Assumptions**

The total pension liability at March 31, 2024 was determined by using an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability to March 31, 2024.

Significant actuarial assumptions used in the April 1, 2023 valuation was as follows:

|                                                                                  |                                                       |       |
|----------------------------------------------------------------------------------|-------------------------------------------------------|-------|
| Investment rate of return<br>(net of investment expense,<br>including inflation) |                                                       | 5.90% |
| Salary scale                                                                     |                                                       | 4.40% |
| Decrement tables                                                                 | April 1, 2015 - March 31, 2020<br>System's Experience |       |
| Inflation rate                                                                   |                                                       | 2.90% |

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

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, 2020.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

The long term expected 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 the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized below.

| Asset Class                 | Target<br>Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|-----------------------------|----------------------|----------------------------------------------|
| Domestic equity             | 32.00%               | 4.00%                                        |
| International equity        | 15.00%               | 6.65%                                        |
| Private equity              | 10.00%               | 7.25%                                        |
| Real estate                 | 9.00%                | 4.60%                                        |
| Opportunistic/ARS portfolio | 3.00%                | 5.25%                                        |
| Credit                      | 4.00%                | 5.40%                                        |
| Real assets                 | 3.00%                | 5.79%                                        |
| Fixed Income                | 23.00%               | 1.50%                                        |
| Cash                        | 1.00%                | 0.25%                                        |
|                             | 100.00%              |                                              |

*The real rate of return is net of the long-term inflation assumption of 2.90%.*

***(e) Discount Rate***

The discount rate used to calculate the total pension asset/liability was 5.9%. 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 System's 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.

***(f) Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to the Discount Rate Assumption***

The following presents the School District's proportionate share of the net pension (asset) liability calculated using the discount rate of 5.9 percent, as well as what the School 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 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

|                                                             | Decrease<br><u>(4.9%)</u> | Assumption<br><u>(5.9%)</u> | Increase<br><u>(6.9%)</u> |
|-------------------------------------------------------------|---------------------------|-----------------------------|---------------------------|
| Proportionate share of<br>the net pension (asset) liability | \$ 4,059,527              | \$ 1,291,156                | \$ (1,021,008)            |

***(g) Pension Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

***(h) Payables to the Pension Plan***

The School District has recorded an amount due to ERS in amount of \$122,428 at June 30, 2024. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2024-2025 billing cycle and has been accrued as an expenditure in the current year.



**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

**B. New York State Teachers' Retirement System (TRS)**

*(a) Plan Description*

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. For additional plan information, please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at [www.nystrs.org](http://www.nystrs.org).

*(b) Contributions*

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System.

However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

|      | Amount       |
|------|--------------|
| 2022 | \$ 1,051,978 |
| 2023 | \$ 1,157,281 |
| 2024 | \$ 1,109,275 |

*(c) Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2024, the School District reported a liability of \$696,362 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the School District's proportion was .060893 percent, which was an increase of .000299 percent from its proportion measured as of June 30, 2022 of .060594 percent.

For the year ended June 30, 2024, the School District recognized a pension expense of \$1,937,203. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

|                                                                                                         | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                                      | \$ 1,688,493                      | \$ 4,173                         |
| Changes of assumptions                                                                                  | 1,499,247                         | 326,753                          |
| Net difference between projected and actual earnings on<br>pensions plan investments                    | 355,966                           |                                  |
| Changes in proportion and differences between contributions<br>and proportionate share of contributions | 26,835                            | 197,331                          |
| Contributions subsequent to the measurement date                                                        | 1,109,275                         |                                  |
| Total                                                                                                   | \$ 4,679,816                      | \$ 528,257                       |

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension asset/liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended June 30:</u> |    |           |
|----------------------------|----|-----------|
| 2024                       | \$ | 243,370   |
| 2025                       | \$ | (413,394) |
| 2026                       | \$ | 2,772,257 |
| 2027                       | \$ | 187,825   |
| 2028                       | \$ | 149,862   |
| Thereafter                 | \$ | 102,364   |

**(d) Actuarial Assumptions**

The total pension liability at June 30, 2023 measurement date was determined by using an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023.

Significant actuarial assumptions used in the June 30, 2022 valuation were as follows:

| Investment Rate of Return | 6.95% compounded annually, net of pension plan investment expense, including inflation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |      |   |       |    |       |    |       |    |       |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------|---|-------|----|-------|----|-------|----|-------|
| Salary scale              | Rates of increase differ based on service.<br>They have been calculated based upon recent NYSTRS member experience.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         |      |   |       |    |       |    |       |    |       |
|                           | <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Service</th> <th style="text-align: center;">Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">5.18%</td> </tr> <tr> <td style="text-align: center;">15</td> <td style="text-align: center;">3.64%</td> </tr> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">2.50%</td> </tr> <tr> <td style="text-align: center;">35</td> <td style="text-align: center;">1.95%</td> </tr> </tbody> </table> | Service | Rate | 5 | 5.18% | 15 | 3.64% | 25 | 2.50% | 35 | 1.95% |
| Service                   | Rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |         |      |   |       |    |       |    |       |    |       |
| 5                         | 5.18%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |   |       |    |       |    |       |    |       |
| 15                        | 3.64%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |   |       |    |       |    |       |    |       |
| 25                        | 2.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |   |       |    |       |    |       |    |       |
| 35                        | 1.95%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |   |       |    |       |    |       |    |       |
| Projected COLAs           | 1.3% compounded annually.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         |      |   |       |    |       |    |       |    |       |
| Inflation rate            | 2.40%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |   |       |    |       |    |       |    |       |

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP 2021, applied on a generational basis for June 30, 2023. Active member mortality rates are based on plan member experience, with adjustments for mortality improvements base on Scale MP 2021.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
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The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2023 are summarized in the following table:

| Asset Class                        | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return* |
|------------------------------------|----------------------|--------------------------------------------|
| Domestic equity                    | 33.0%                | 6.8%                                       |
| International equity               | 15.0%                | 7.6%                                       |
| Global equity                      | 4.0%                 | 7.2%                                       |
| Real estate equity                 | 11.0%                | 6.3%                                       |
| Private equity                     | 9.0%                 | 10.1%                                      |
| Domestic fixed income securities   | 16.0%                | 2.2%                                       |
| Global bonds                       | 2.0%                 | 1.6%                                       |
| Private debt                       | 2.0%                 | 6.0%                                       |
| Real estate debt                   | 6.0%                 | 3.2%                                       |
| High-yield fixed income securities | 1.0%                 | 4.4%                                       |
| Cash equivalents                   | <u>1.0%</u>          | 0.3%                                       |
|                                    | <u>100.0%</u>        |                                            |

\* Real rates of return are net of the long-term inflation assumption of 2.4% for 2023.

**(e) Discount Rate**

The discount rate used to measure the pension liability (asset) was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's 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.

**(f) Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to the Discount Rate Assumption**

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

|                                                             | 1%<br>Decrease<br><u>(5.95%)</u> | Current<br>Assumption<br><u>(6.95%)</u> | 1%<br>Increase<br><u>(7.95%)</u> |
|-------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| Proportionate share of<br>the net pension liability (asset) | \$ 10,605,946                    | \$ 696,362                              | \$ (7,638,027)                   |

**(g) Pension Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

*(h) Payables to the Pension Plan*

The School District has recorded an amount due to TRS in amount of \$1,109,275 (excluding employees' share) in the General Fund at June 30, 2024. This amount represents contribution for the 2023-2024 fiscal year that will be made in 2024-2025 and has been accrued as an expenditure in the current year.

**12. OTHER POSTEMPLOYMENT BENEFITS**

*(a) Plan Descriptions*

The School District provides medical, dental, and life insurance to retirees and their covered dependents. The School District pays a portion of the cost for eligible retirees, covered spouses, and dependents. Currently, there are approximately 453 current and former employees participating in the School District's Other Postemployment Benefits (OPEB) plan. The benefits provided to employees upon retirement are based upon provisions in various contracts that the District has in place with different classifications of employees. All active employees who retire or are disabled directly from the School District and meet eligibility criteria can participate.

The Plan does not issue a stand-alone publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

*(b) Benefits Provided*

The benefits provided to active employees at retirement and eligibility requirements are summarized below:

| Employee Group                                        | Description of Benefits                  | Contributions                                           | Required Service | Required Age |
|-------------------------------------------------------|------------------------------------------|---------------------------------------------------------|------------------|--------------|
| Superintendent                                        | Medical, Medicare Part B, Dental, Vision | Individual- 5%<br>Family- 18%<br>Surviving Spouse- 50%  | None             | 55           |
| All Active Employees hired prior to 3/1/2010          | Medical, Medicare Part B, Dental, Vision | Individual- 50%<br>Family- 65%<br>Surviving Spouse- 50% | None             | 55           |
| All Active Employees hired prior on or after 3/1/2010 | Medical, Medicare Part B, Dental, Vision | Individual- 50%<br>Family- 65%<br>Surviving Spouse- 50% | 8 years          | 55           |
| Current Retirees                                      | Medical, Medicare Part B, Dental         | Individual- 50%<br>Family- 65%<br>Surviving Spouse- 50% |                  |              |

*(c) Employees Covered by Benefit Terms*

|                                                                     |                   |
|---------------------------------------------------------------------|-------------------|
|                                                                     | <u>Total</u>      |
| Inactive plan members or beneficiaries currently receiving benefits | 223               |
| Active plan members                                                 | <u>230</u>        |
| Total                                                               | <u><u>453</u></u> |

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**(d) Total OPEB Liability**

The District's total OPEB liability of \$61,328,125 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2022.

**(e) Changes in the Net OPEB Liability**

Changes in the District's total OPEB liability were as follows:

|                                        | Total OPEB<br>Liability |
|----------------------------------------|-------------------------|
| Balances, June 30, 2023                | \$ 60,837,855           |
| Changes recognized for the year:       |                         |
| Service cost                           | 2,643,169               |
| Interest                               | 2,287,302               |
| Effect of assumption changes or inputs | (2,795,063)             |
| Benefit payments                       | (1,645,138)             |
| Net changes                            | 490,270                 |
| Balances, June 30, 2024                | \$ 61,328,125           |

**(f) Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents 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 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current discount rate:

|                                          | 1%<br>Decrease<br>2.93% | Current<br>Assumption<br>3.93% | 1%<br>Increase<br>4.93% |
|------------------------------------------|-------------------------|--------------------------------|-------------------------|
| Total OPEB liability as of June 30, 2024 | \$ 72,197,936           | \$ 61,328,125                  | \$ 52,662,980           |

**(g) Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates**

The following presents 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 cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

|                                          | 1%<br>Decrease | Current<br>Assumption | 1%<br>Increase |
|------------------------------------------|----------------|-----------------------|----------------|
| Total OPEB liability as of June 30, 2024 | \$ 50,759,989  | \$ 61,328,125         | \$ 75,142,547  |

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

*(h) 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 expense of \$1,833,445. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                    | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|----------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 6,404                          | \$ 2,801,494                     |
| Changes of assumptions                             | 8,332,540                         | 10,057,861                       |
| Total                                              | \$ 8,338,944                      | \$ 12,859,355                    |

Contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | Amount         |
|---------------------|----------------|
| 2025                | \$ (1,339,953) |
| 2026                | (1,389,145)    |
| 2027                | (1,881,894)    |
| 2028                | (218,185)      |
| 2029                | 437,062        |
| Thereafter          | (128,296)      |

*(i) Actuarial Methods and Assumptions*

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, with a June 30, 2024 measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

|                       |                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date        | July 1, 2022                                                                                                                                                                                                                                                                                                                                                                             |
| Measurement Date      | June 30, 2024                                                                                                                                                                                                                                                                                                                                                                            |
| Reporting Date        | June 30, 2024                                                                                                                                                                                                                                                                                                                                                                            |
| Actuarial Cost Method | Entry Age Nomal - Level Percent of Salary                                                                                                                                                                                                                                                                                                                                                |
| Inflation rate        | 2.40%                                                                                                                                                                                                                                                                                                                                                                                    |
| Discount Rate         | 3.93%                                                                                                                                                                                                                                                                                                                                                                                    |
| Mortality             | PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity. |

The discount rate changed from 3.65% to 3.93%, which is a prescribed discount rate under GASB 75, and is based on the Bond Buyer General Obligation 20-Bond Municipal Index.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

**13. FUND BALANCE**

(a) The following is the disaggregation of the fund balance that is reported in summary on the governmental fund's Balance Sheet:

|                                           | <u>General</u>       | <u>School Lunch</u> | <u>Miscellaneous Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u>         |
|-------------------------------------------|----------------------|---------------------|--------------------------------------|---------------------|-------------------------|----------------------|
| <b>Nonspendable</b>                       | \$                   | \$ 21,293           | \$                                   | \$                  | \$                      | \$ 21,293            |
| <b>Restricted</b>                         |                      |                     |                                      |                     |                         |                      |
| Workers' Compensation                     | 509,796              |                     |                                      |                     |                         | 509,796              |
| Unemployment Insurance                    | 136,079              |                     |                                      |                     |                         | 136,079              |
| Employee Benefits                         |                      |                     |                                      |                     |                         |                      |
| Accrued Liability                         | 1,482,151            |                     |                                      |                     |                         | 1,482,151            |
| Retirement Contribution                   |                      |                     |                                      |                     |                         |                      |
| ERS                                       | 4,719,425            |                     |                                      |                     |                         | 4,719,425            |
| TRS                                       | 957,000              |                     |                                      |                     |                         | 957,000              |
| Insurance                                 | 112,071              |                     |                                      |                     |                         | 112,071              |
| Tax Certiorari                            | 1,158,558            |                     |                                      |                     |                         | 1,158,558            |
| Repairs                                   | 2,833                |                     |                                      |                     |                         | 2,833                |
| Capital                                   | 5,010,428            |                     |                                      |                     |                         | 5,010,428            |
| Debt Service                              |                      |                     |                                      | 1,569,827           |                         | 1,569,827            |
| Reserve for Scholarships and Endowments   |                      |                     | 199,731                              |                     |                         | 199,731              |
| Capital Projects                          |                      |                     |                                      |                     | 937,804                 | 937,804              |
| <b>Total Restricted</b>                   | <u>14,088,341</u>    |                     | <u>199,731</u>                       | <u>1,569,827</u>    | <u>937,804</u>          | <u>16,795,703</u>    |
| <b>Assigned</b>                           |                      |                     |                                      |                     |                         |                      |
| Food Service Program                      |                      | 3,023               |                                      |                     |                         | 3,023                |
| Encumbrances                              | 21,170               |                     |                                      |                     |                         | 21,170               |
| Appropriated for Subsequent Year's Budget | <u>2,306,774</u>     |                     |                                      |                     |                         | <u>2,306,774</u>     |
| <b>Total Assigned</b>                     | <u>2,327,944</u>     | <u>3,023</u>        |                                      |                     |                         | <u>2,330,967</u>     |
| <b>Unassigned (Deficit)</b>               | <u>1,576,491</u>     |                     |                                      |                     | <u>(1,111,627)</u>      | <u>464,864</u>       |
| <b>Total Fund Balance (Deficit)</b>       | <u>\$ 17,992,776</u> | <u>\$ 24,316</u>    | <u>\$ 199,731</u>                    | <u>\$ 1,569,827</u> | <u>\$ (173,823)</u>     | <u>\$ 19,612,827</u> |

(b) The following is a summary of the change in general fund restricted funds during the year ended June 30, 2024:

| <u>Restricted Fund</u>             | <u>Balance at 7/1/2023</u> | <u>Additions</u>    | <u>Deductions</u>   | <u>Balance at 6/30/2024</u> |
|------------------------------------|----------------------------|---------------------|---------------------|-----------------------------|
| Workers Compensation               | \$ 483,872                 | \$ 25,998           | \$ 74               | \$ 509,796                  |
| Unemployment Insurance             | 129,159                    | 6,940               | 20                  | 136,079                     |
| Employee Benefit Accrued Liability | 1,406,781                  | 75,585              | 215                 | 1,482,151                   |
| Retirement Contribution            |                            |                     |                     |                             |
| ERS                                | 4,870,145                  | 261,669             | 412,389             | 4,719,425                   |
| TRS                                | 677,782                    | 279,322             | 104                 | 957,000                     |
| Insurance                          | 106,372                    | 5,715               | 16                  | 112,071                     |
| Tax Certiorari                     | 536,584                    | 622,056             | 82                  | 1,158,558                   |
| Repairs                            | 2,689                      | 144                 |                     | 2,833                       |
| Capital                            | <u>5,072,254</u>           | <u>699,976</u>      | <u>761,802</u>      | <u>5,010,428</u>            |
| <b>Total</b>                       | <u>\$ 13,285,638</u>       | <u>\$ 1,977,405</u> | <u>\$ 1,174,702</u> | <u>\$ 14,088,341</u>        |

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

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**14. CONTINGENCIES**

*Risk Financing and Related Insurance*

*(a) General Information*

The Holland Patent Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions, and natural disasters. 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 three years.

*(b) Potential Grantor Liability*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

The School District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

*(c) Potential Tax Certiorari Liability*

Several tax certiorari actions are pending against the District for reductions in the assessment value of various properties. Management believes that the likelihood of a reduction is probable. The District plans on funding any settlements from the Tax Certiorari Reserve, and/or future appropriations.

**15. NET POSITION DEFICIT – DISTRICT WIDE**

The District-wide net position had an unrestricted net position deficit at June 30, 2024 of \$60,767,147 and a total net position deficit of \$14,430,892. The deficit is primarily the result of GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires the recognition of an unfunded liability of \$61,328,125 at June 30, 2024. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

**16. CAPITAL FUND DEFICIT**

At June 30, 2024, the District reported a deficit fund balance of \$173,823 in the Capital Fund. The deficit will be eliminated in the future once permanent financing is obtained.

**17. TAX ABATEMENTS**

The District is subject to tax abatements that are granted by the Oneida County Industrial Development Agency (OCIDA) and the Town of Trenton.

Article 18-A of the New York State Municipal Law, "New York Industrial Development Agency Act" was enacted to provide for the creation of Industrial Development Agencies (IDA's) to facilitate economic development in specific localities, and delineate their powers and status as public benefit corporation. The legislation established the power of New York IDA's, including the authority to grant tax abatements and enter into agreements to require payment in lieu of taxes. Each IDA must adopt and follow a tax exemption policy with input from the effected taxing jurisdictions, however once created the IDA can independently grant abatements in conformity with their policy.

The OCIDA and the Town enter into agreements to abate property tax for the purpose of increasing or retaining employment in the County. Property abatements may be partially offset by an agreement that requires payments in lieu of taxes. These agreements specify the annual amount to be remitted by the property owner and are allocated to the effected jurisdiction based on the proportion of taxes abated. The District has chosen to disclose information about its tax abatement by purpose.

Abatement agreements resulted in an approximate revenue impact to the District for the year ended June 30, 2024 as follows:

| <u>Purpose</u>                        | <u>Gross Tax</u> | <u>Payments in</u>   | <u>Net Revenue</u> |
|---------------------------------------|------------------|----------------------|--------------------|
|                                       | <u>Amounts</u>   | <u>Lieu of Taxes</u> | <u>Reduction</u>   |
| Economic Development and Job Creation | \$ 79,208        | \$ 69,712            | \$ 9,496           |



**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2024**

|                                              | Original<br>Budget   | Final<br>Budget      | Actual               |                  | Final Budget<br>Variance With<br>Actual |
|----------------------------------------------|----------------------|----------------------|----------------------|------------------|-----------------------------------------|
| <b>Revenues</b>                              |                      |                      |                      |                  |                                         |
| <b>Local Sources</b>                         |                      |                      |                      |                  |                                         |
| Real Property Taxes                          | \$ 14,111,722        | \$ 12,513,696        | \$ 12,519,965        |                  | \$ 6,269                                |
| STAR and Other Real Property Tax Items       | 79,375               | 1,677,401            | 1,703,639            |                  | 26,238                                  |
| Charges for Services                         | 11,000               | 11,000               | 6,830                |                  | (4,170)                                 |
| Use of Money and Property                    | 103,645              | 103,645              | 1,052,300            |                  | 948,655                                 |
| Sale of Property and Compensation for Loss   | 1,000                | 1,000                | 5,862                |                  | 4,862                                   |
| Miscellaneous                                | 1,150,000            | 1,150,000            | 1,121,160            |                  | (28,840)                                |
| State Aid                                    | 20,288,986           | 20,288,986           | 20,149,177           |                  | (139,809)                               |
| Federal Aid                                  | 25,095               | 25,095               | 113,018              |                  | 87,923                                  |
| Total Revenues                               | <u>35,770,823</u>    | <u>35,770,823</u>    | <u>36,671,951</u>    |                  | <u>901,128</u>                          |
| <b>Other Financing Sources</b>               |                      |                      |                      |                  |                                         |
| Transfers from Other Funds                   | 1,500,000            | 1,500,000            | 6,629                |                  | (1,493,371)                             |
| Appropriated Fund Balance                    | 2,125,030            | 2,125,030            |                      |                  | (2,125,030)                             |
| Total Revenues and Other Financing Sources   | <u>\$ 39,395,853</u> | <u>\$ 39,395,853</u> | <u>36,678,580</u>    |                  | <u>\$ (2,717,273)</u>                   |
| <b>Expenditures</b>                          |                      |                      |                      |                  |                                         |
| <b>General Support</b>                       |                      |                      |                      |                  |                                         |
| Board of Education                           | \$ 34,965            | \$ 35,989            | 10,999               | \$               | \$ 24,990                               |
| Central Administration                       | 358,964              | 358,964              | 305,537              |                  | 53,427                                  |
| Finance                                      | 569,189              | 686,800              | 493,429              |                  | 193,371                                 |
| Staff                                        | 172,500              | 90,269               | 83,615               |                  | 6,654                                   |
| Central Services                             | 3,611,618            | 4,171,618            | 3,590,371            | 6,778            | 574,469                                 |
| Special Items                                | 586,007              | 462,999              | 355,143              |                  | 107,856                                 |
| Total General Support                        | <u>5,333,243</u>     | <u>5,806,639</u>     | <u>4,839,094</u>     | <u>6,778</u>     | <u>960,767</u>                          |
| <b>Instruction</b>                           |                      |                      |                      |                  |                                         |
| Instruction, Administration, and Improvement | 935,157              | 848,965              | 783,619              |                  | 65,346                                  |
| Teaching - Regular School                    | 10,473,020           | 9,746,940            | 9,494,062            | 857              | 252,021                                 |
| Programs for Children With Special Needs     | 5,624,195            | 5,507,488            | 5,130,713            | 1,000            | 375,775                                 |
| Occupational Education                       | 546,000              | 658,923              | 658,923              |                  |                                         |
| Instructional Media                          | 406,286              | 391,150              | 205,711              | 0                | 185,439                                 |
| Pupil Services                               | 1,290,671            | 1,650,544            | 1,430,503            | 7,930            | 212,111                                 |
| Total Instruction                            | <u>19,275,329</u>    | <u>18,804,010</u>    | <u>17,703,531</u>    | <u>9,787</u>     | <u>1,090,692</u>                        |
| Pupil Transportation                         | 2,283,286            | 2,281,209            | 1,918,366            | 4,605            | 358,238                                 |
| Employee Benefits                            | 9,364,416            | 8,517,916            | 7,923,331            |                  | 594,585                                 |
| Debt Service - Principal                     | 2,606,986            | 2,506,986            | 2,581,062            |                  | (74,076)                                |
| Debt Service - Interest                      | 532,593              | 532,593              | 513,971              |                  | 18,622                                  |
| Total Expenditures                           | <u>39,395,853</u>    | <u>38,449,353</u>    | <u>35,479,355</u>    | <u>21,170</u>    | <u>2,948,828</u>                        |
| <b>Other Financing Uses</b>                  |                      |                      |                      |                  |                                         |
| Transfers to Other Funds                     |                      | 946,500              | 944,115              |                  | 2,385                                   |
| Total Expenditures and Other Financing Uses  | <u>\$ 39,395,853</u> | <u>\$ 39,395,853</u> | <u>36,423,470</u>    | <u>\$ 21,170</u> | <u>\$ 2,951,213</u>                     |
| <b>Net Change in Fund Balance</b>            |                      |                      | 255,110              |                  |                                         |
| <b>Fund Balance - Beginning of Year</b>      |                      |                      | <u>17,737,666</u>    |                  |                                         |
| <b>Fund Balance - End of Year</b>            |                      |                      | <u>\$ 17,992,776</u> |                  |                                         |

**Note to Required Supplementary Information:**

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The budget is adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

See Independent Auditor's Report.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
For the Year Ended June 30, 2024

| Measurement Date                                                                                  | 6/30/2024            | 6/30/2023            | 6/30/2022            | 6/30/2021            | 6/30/2020            | 6/30/2019            | 6/30/2018*           |
|---------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Total OPEB Liability</b>                                                                       |                      |                      |                      |                      |                      |                      |                      |
| Service cost                                                                                      | \$ 2,643,169         | \$ 2,180,596         | \$ 2,787,107         | \$ 2,617,944         | \$ 1,900,700         | \$ 2,112,937         | \$ 2,022,555         |
| Interest on Total OPEB Liability                                                                  | 2,287,302            | 1,896,451            | 1,409,390            | 1,403,141            | 1,741,366            | 1,682,801            | 1,602,864            |
| Change in assumptions and other inputs                                                            | (2,795,063)          | 6,483,100            | (13,760,237)         | 3,510,747            | 10,662,200           | (3,718,832)          |                      |
| Demographic Gains or Losses                                                                       |                      | (326,889)            |                      | (4,544,122)          |                      | (5,035,733)          |                      |
| Differences between expected and actual experience in the measurement of the total OPEB liability |                      |                      |                      |                      |                      |                      | 155,805              |
| Benefit payments                                                                                  | (1,645,138)          | (1,560,169)          | (1,460,028)          | (1,336,224)          | (1,229,051)          | (1,111,293)          | (1,301,406)          |
| Net change in total OPEB Liability                                                                | 490,270              | 8,673,089            | (11,023,768)         | 1,651,486            | 13,075,215           | (6,070,120)          | 2,479,818            |
| Total OPEB Liability - Beginning                                                                  | 60,837,855           | 52,164,766           | 63,188,534           | 61,537,048           | 48,461,833           | 54,531,953           | 52,052,135           |
| Total OPEB Liability - Ending                                                                     | <u>\$ 61,328,125</u> | <u>\$ 60,837,855</u> | <u>\$ 52,164,766</u> | <u>\$ 63,188,534</u> | <u>\$ 61,537,048</u> | <u>\$ 48,461,833</u> | <u>\$ 54,531,953</u> |
| Covered payroll                                                                                   | \$ 13,141,716        | \$ 13,141,716        | \$ 12,139,576        | \$ 12,139,576        | \$ 11,828,480        | \$ 11,828,480        | \$ 11,797,898        |
| Total OPEB Liability as a percentage of covered payroll                                           | 466.67%              | 462.94%              | 429.71%              | 520.52%              | 520.24%              | 409.70%              | 462.22%              |

\* 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

**Notes to Required Supplementary Information:**

The District does not currently maintain assets in an OPEB trust.

**Actuarial Assumptions**

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 12 to the financial statements.

**Changes to Assumptions**

The discount rate changed from 3.65% to 3.93%, which is a prescribed discount rate under GASB 75, and is based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Salary increases including inflation was 2.40% for both 2023 and 2024.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
For the Year Ended June 30, 2024

| ERS Pension Plan                                                     |                  |                  |                  |                |                |                |                  |                  |                  |                  |
|----------------------------------------------------------------------|------------------|------------------|------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|
| Last 10 Fiscal Years Available                                       |                  |                  |                  |                |                |                |                  |                  |                  |                  |
|                                                                      | 2024             | 2023             | 2022             | 2021           | 2020           | 2019           | 2018             | 2017             | 2016             | 2015             |
| Contractually Required Contribution                                  | \$ 411,632       | \$ 371,878       | \$ 520,339       | \$ 456,290     | \$ 449,983     | \$ 461,401     | \$ 457,612       | \$ 469,763       | \$ 465,975       | \$ 525,946       |
| Contributions in Relation to the Contractually Required Contribution | <u>411,632</u>   | <u>371,878</u>   | <u>520,339</u>   | <u>456,290</u> | <u>449,983</u> | <u>461,401</u> | <u>457,612</u>   | <u>469,763</u>   | <u>465,975</u>   | <u>525,946</u>   |
| Contribution Deficiency (Excess)                                     | \$ _____         | \$ _____         | \$ _____         | \$ _____       | \$ _____       | \$ _____       | \$ _____         | \$ _____         | \$ _____         | \$ _____         |
| School District's Covered-ERS Employee Payroll                       | \$ 3,490,502     | \$ 3,341,862     | \$ 3,299,218     | \$ 3,256,071   | \$ 3,204,810   | \$ 3,135,430   | \$ 3,034,176     | \$ 3,075,910     | \$ 3,033,632     | \$ 2,886,824     |
| Contributions as a Percentage of Covered-Employee Payroll            | 11.79%           | 11.13%           | 15.77%           | 14.01%         | 14.04%         | 14.72%         | 15.08%           | 15.27%           | 15.36%           | 18.22%           |
| TRS Pension Plan                                                     |                  |                  |                  |                |                |                |                  |                  |                  |                  |
| Last 10 Fiscal Years Available                                       |                  |                  |                  |                |                |                |                  |                  |                  |                  |
|                                                                      | 2024             | 2023             | 2022             | 2021           | 2020           | 2019           | 2018             | 2017             | 2016             | 2015             |
| Contractually Required Contribution                                  | \$ 1,109,275     | \$ 1,157,281     | \$ 1,051,978     | \$ 939,324     | \$ 880,751     | \$ 881,054     | \$ 1,050,358     | \$ 1,144,315     | \$ 1,194,193     | \$ 1,520,078     |
| Contributions in Relation to the Contractually Required Contribution | <u>1,109,275</u> | <u>1,157,281</u> | <u>1,051,978</u> | <u>939,324</u> | <u>880,751</u> | <u>881,054</u> | <u>1,050,358</u> | <u>1,144,315</u> | <u>1,194,193</u> | <u>1,520,078</u> |
| Contribution Deficiency (Excess)                                     | \$ _____         | \$ _____         | \$ _____         | \$ _____       | \$ _____       | \$ _____       | \$ _____         | \$ _____         | \$ _____         | \$ _____         |
| School District's Covered-TRS Employee Payroll                       | \$ 11,365,523    | \$ 11,246,657    | \$ 10,734,469    | \$ 9,856,485   | \$ 9,940,756   | \$ 8,296,177   | \$ 10,717,939    | \$ 9,763,780     | \$ 9,005,980     | \$ 8,671,295     |
| Contributions as a Percentage of Covered-Employee Payroll            | 9.76%            | 10.29%           | 9.80%            | 9.53%          | 8.86%          | 10.62%         | 9.80%            | 11.72%           | 13.26%           | 17.53%           |

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY**  
For the Year Ended June 30, 2024

**ERS Pension Plan**

|                                                                                                                   | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|-------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net pension asset/liability                                                          | 0.0087690%   | 0.0086416%   | 0.0085880%   | 0.0083414%   | 0.0084022%   | 0.0085364%   | 0.0085622%   | 0.0087381%   | 0.0087788%   | 0.0089026%   |
| District's proportionate share of the net pension (asset) liability                                               | \$ 1,291,156 | \$ 1,853,109 | \$ (702,031) | \$ 8,306     | \$ 2,224,945 | \$ 604,828   | \$ 276,339   | \$ 821,052   | \$ 1,409,015 | \$ 300,752   |
| District's covered-employee payroll                                                                               | \$ 3,490,502 | \$ 3,341,862 | \$ 3,299,218 | \$ 3,256,071 | \$ 3,204,810 | \$ 3,135,430 | \$ 3,034,176 | \$ 3,075,910 | \$ 3,033,632 | \$ 2,886,824 |
| District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll | 36.99%       | 55.45%       | 21.28%       | 0.26%        | 69.43%       | 19.29%       | 9.11%        | 26.69%       | 46.45%       | 10.42%       |
| Plan fiduciary net position as a percentage of total pension liability                                            | 93.88%       | 90.78%       | 103.65%      | 99.95%       | 86.39%       | 96.30%       | 98.20%       | 94.70%       | 90.70%       | 97.90%       |

**TRS Pension Plan**

|                                                                                                                   | 2023          | 2022          | 2021            | 2020         | 2019           | 2018          | 2017         | 2016         | 2015           | 2014           |
|-------------------------------------------------------------------------------------------------------------------|---------------|---------------|-----------------|--------------|----------------|---------------|--------------|--------------|----------------|----------------|
| District's Proportion of the net pension asset/liability                                                          | 0.060893%     | 0.060594%     | 0.058071%       | 0.058568%    | 0.058078%      | 0.055193%     | 0.056555%    | 0.055925%    | 0.057725%      | 0.059129%      |
| District's proportionate share of the net pension (asset) liability                                               | \$ 696,362    | \$ 1,162,742  | \$ (10,063,127) | \$ 1,618,377 | \$ (1,508,871) | \$ (998,038)  | \$ (429,874) | \$ 598,983   | \$ (5,995,744) | \$ (6,586,636) |
| District's covered-employee payroll                                                                               | \$ 11,246,657 | \$ 10,734,469 | \$ 9,856,485    | \$ 9,940,756 | \$ 8,296,177   | \$ 10,717,939 | \$ 9,763,780 | \$ 9,005,980 | \$ 8,671,295   | \$ 8,733,705   |
| District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll | 6.2%          | 10.8%         | 102.1%          | 16.3%        | 18.2%          | 9.3%          | 4.4%         | 6.7%         | 69.1%          | 75.4%          |
| Plan fiduciary net position as a percentage of total pension liability                                            | 99.20%        | 98.60%        | 113.20%         | 97.80%       | 102.20%        | 101.53%       | 100.66%      | 99.01%       | 110.46%        | 111.48%        |

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**  
**AND REAL PROPERTY TAX LIMIT**  
**For the Year Ended June 30, 2024**

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**Change from Adopted Budget to Final Budget**

|                                |               |
|--------------------------------|---------------|
| Adopted Budget                 | \$ 39,270,823 |
| Add: Prior Year's Encumbrances | 125,030       |
| Original Budget                | 39,395,853    |
| Final Budget                   | \$ 39,395,853 |

**Section 1318 of Real Property Tax Law Limit Calculation**

|                                           |               |
|-------------------------------------------|---------------|
| 2024-25 voter-approved expenditure budget | \$ 40,436,507 |
| Maximum allowed (4% of 2024-25 budget)    | \$ 1,617,460  |

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :

|                                 |           |
|---------------------------------|-----------|
| Unrestricted fund balance:      |           |
| Assigned fund balance           | 2,327,944 |
| Unassigned fund balance         | 1,576,491 |
| Total unrestricted fund balance | 3,904,435 |

Less:

|                                                |           |
|------------------------------------------------|-----------|
| Appropriated fund balance                      | 2,306,774 |
| Encumbrances included in assigned fund balance | 21,170    |
| Total adjustments                              | 2,327,944 |

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law \$ 1,576,491

Actual percentage 3.90%

HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
 For the Year Ended June 30, 2024

| PROJECT TITLE                | Original Authorization |                       | Revised Authorization |                     | Expenditures         |                      |                         | Methods of Financing  |                     |                      |                    | Fund Balance            |
|------------------------------|------------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|-------------------------|-----------------------|---------------------|----------------------|--------------------|-------------------------|
|                              | Original Authorization | Revised Authorization | Prior Years           | Current Year        | Total                | Unexpended Balance   | Proceeds of Obligations | Federal and State Aid | Local Sources       | Total                | Interfund Transfer | (Deficit) June 30, 2024 |
| Capital Project #3           | \$ 9,900,000           | \$ 9,900,000          | \$ 8,961,156          | \$                  | \$ 8,961,156         | \$ 938,844           | \$ 9,839,000            | \$                    | \$                  | \$ 9,839,000         | \$                 | \$ 877,844              |
| 2023 Capital Project         | 18,850,000             | 18,850,000            |                       | 999,054             | 999,054              | 17,850,946           |                         |                       | 761,068             | 761,068              |                    | (237,986)               |
| 2024 Emergency Project- Pool | 60,000                 | 60,000                |                       | 4,776               | 4,776                | 55,224               |                         |                       | 60,000              | 60,000               |                    | 55,224                  |
| 2023 Appropriation           | 100,000                | 100,000               | 93,371                |                     | 93,371               | 6,629                |                         |                       | 100,000             | 100,000              | (6,629)            |                         |
| 2024 Appropriation           | 100,000                | 100,000               |                       | 95,264              | 95,264               | 4,736                |                         |                       | 100,000             | 100,000              |                    | 4,736                   |
| 2025 Appropriation           | 100,000                | 100,000               |                       |                     |                      | 100,000              |                         |                       | 100,000             | 100,000              |                    | 100,000                 |
| Buses                        | 6,445,686              | 6,445,686             | 5,520,703             | 295,517             | 5,816,220            | 629,466              | 1,808,994               |                       | 3,033,585           | 4,842,579            |                    | (973,641)               |
| <b>Totals</b>                | <b>\$ 35,555,686</b>   | <b>\$ 35,555,686</b>  | <b>\$ 14,575,230</b>  | <b>\$ 1,394,611</b> | <b>\$ 16,969,841</b> | <b>\$ 19,585,845</b> | <b>\$ 11,647,994</b>    | <b>\$</b>             | <b>\$ 4,154,643</b> | <b>\$ 15,802,647</b> | <b>\$ (6,629)</b>  | <b>\$ (173,823)</b>     |

See Independent Auditor's Report.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**NET INVESTMENT IN CAPITAL ASSETS**  
For the Year Ended June 30, 2024

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|                                                   |                      |
|---------------------------------------------------|----------------------|
| Capital Assets, Net                               | \$ 43,004,621        |
| Right to use Lease Assets, Net                    | <u>804,636</u>       |
|                                                   | <u>43,809,257</u>    |
| Add:                                              |                      |
| Unspent Proceeds                                  | <u>1,055,593</u>     |
| Deduct:                                           |                      |
| Bond Anticipation Notes Payable                   | 1,085,528            |
| Accounts Payable                                  | 242,826              |
| Short-Term Portion of Energy Performance Contract | 197,505              |
| Energy Performance Contract Payable               | 967,830              |
| Short-Term Portion of Bonds Payable               | 1,765,000            |
| Serial Bonds Payable                              | 10,160,000           |
| Premium on Bonds Payable                          | <u>905,609</u>       |
| Net Deductions                                    | <u>15,324,298</u>    |
| Net Investment in Capital Assets                  | <u>\$ 29,540,552</u> |

See Independent Auditor's Report.

**D'Arcangelo & Co., LLP**  
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300  
315-336-9220 Fax: 315-336-0836

**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***

Board of Education  
Holland Patent Central School District

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, each major fund, and the aggregate remaining fund information of Holland Patent Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Holland Patent Central School District's basic financial statements, and have issued our report thereon dated October 9, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Holland Patent 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 Holland Patent Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Holland Patent 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 school district'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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Holland Patent Central School District's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 results of that testing, and not to provide an opinion on the effectiveness of the school district'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 school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 9, 2024

Rome, New York



**D'Arcangelo & Co., LLP**  
**Certified Public Accountants & Consultants**

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**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance  
Required by the Uniform Guidance**

Board of Education  
Holland Patent Central School District, New York

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Holland Patent 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 Holland Patent Central School District's major federal programs for the year ended June 30, 2024. Holland Patent 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, Holland Patent 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 of its major federal programs 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 Holland Patent 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 Holland Patent 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 Holland Patent 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 Holland Patent 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 Holland Patent Central School District's compliance with the requirements of each major federal program as a whole.

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 Holland Patent 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 Holland Patent 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 Holland Patent 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 might be material weaknesses 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.

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.

*D'Arcangelo + Co., LLP*

October 9, 2024

Rome, New York

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2024

| Federal Grantor/Pass-through Grantor/Program Title                                 | Federal ALN | Agency or Pass-through Number | Current Year Expenditures | Expenditures to Subrecipients |
|------------------------------------------------------------------------------------|-------------|-------------------------------|---------------------------|-------------------------------|
| <u>United States Department of Agriculture</u>                                     |             |                               |                           |                               |
| Passed Through New York State, Department of Education:                            |             |                               |                           |                               |
| <u>Child Nutrition Cluster</u>                                                     |             |                               |                           |                               |
| Non-Cash Assistance (Food Distribution)                                            |             |                               |                           |                               |
| National School Lunch Program                                                      | 10.555      | N/A                           | \$ 34,595                 | \$                            |
| Cash Assistance                                                                    |             |                               |                           |                               |
| National School Breakfast Program                                                  | 10.553      | N/A                           | 77,889                    |                               |
| National School Lunch Program                                                      | 10.555      | N/A                           | 298,699                   |                               |
| Total Child Nutrition Cluster                                                      |             |                               | <u>411,183</u>            |                               |
| Total Department of Agriculture                                                    |             |                               | <u>411,183</u>            |                               |
| <u>United States Department of Education</u>                                       |             |                               |                           |                               |
| Passed Through New York State, Department of Education:                            |             |                               |                           |                               |
| Title I Grants to LEAs                                                             | 84.010      | 0021-24-2055                  | 279,380                   |                               |
| Title I School Improvement Grant                                                   | 84.010      | 0011-24-8194                  | 17,200                    |                               |
| Total Title I                                                                      |             |                               | <u>296,580</u>            |                               |
| <u>Special Education Cluster</u>                                                   |             |                               |                           |                               |
| Special Education Grants to States                                                 | 84.027      | 0032-24-0629                  | 345,608                   |                               |
| Special Education Preschool Grants                                                 | 84.173      | 0033-24-0629                  | 9,701                     |                               |
| Total Special Education Cluster                                                    |             |                               | <u>355,309</u>            |                               |
| Student Support and Academic Enrichment Grant                                      | 84.424      | 0204-24-2055                  | 21,382                    |                               |
| Improving Teacher Quality State Grants                                             | 84.367      | 0147-24-2055                  | 41,676                    |                               |
| COVID-19 Education Stabilization Fund                                              |             |                               |                           |                               |
| American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U     | 5880-21-2055                  | 1,209,632                 |                               |
| American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U     | 5883-21-2055                  | 86,974                    |                               |
| American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U     | 5884-21-2055                  | 256,399                   |                               |
| American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U     | 5870-24-9138                  | 146,380                   |                               |
| Total COVID-19 Education Stabilization Fund                                        |             |                               | <u>1,699,385</u>          |                               |
| Total Department of Education                                                      |             |                               | <u>2,414,332</u>          |                               |
| Total Federal Awards Expended                                                      |             |                               | <u>\$ 2,825,515</u>       | <u>\$</u>                     |

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Holland Patent Central School District. The School District's organization is defined in Note 1 to the School District's basic financial statements.

***Basis of Accounting***

The expenditures in the accompanying schedule are presented on an accrual basis of accounting. The information in this schedule is presented in accordance with the of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements

***Cluster Programs***

The following programs are identified by "OMB Compliance Supplement" to be part of a cluster of programs:

**U.S. Department of Education**

**Special Education Cluster**

|            |                                                       |
|------------|-------------------------------------------------------|
| ALN 84.027 | Special Education - Grants to States (IDEA, Part B)   |
| ALN 84.173 | Special Education - Preschool Grants (IDEA Preschool) |

**U.S. Department of Agriculture**

**Child Nutrition Cluster**

|            |                                         |
|------------|-----------------------------------------|
| ALN 10.553 | National School Breakfast Program       |
| ALN 10.555 | National School Lunch Program           |
| ALN 10.555 | Non-cash Assistance (Food Distribution) |

***Indirect Cost Rate***

The School District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

***Food Donation***

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2024, the School District has food commodities in inventory of \$9,219.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL  
COMPLIANCE REQUIREMENTS  
For the Year Ended June 30, 2024**

*Summary of Auditor's Results*

|              |                                                                                                        |                                                                                                                                                                                |
|--------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (d)(1)(i)    | Type of Financial Statement Opinion                                                                    | Unmodified                                                                                                                                                                     |
| (d)(1)(ii)   | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No                                                                                                                                                                             |
| (d)(1)(ii)   | Were there any other significant deficiencies reported at the financial statement level (GAGAS)?       | No                                                                                                                                                                             |
| (d)(1)(iii)  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                | No                                                                                                                                                                             |
| (d)(1)(iv)   | Were there any material internal control weakness conditions reported for major Federal programs?      | No                                                                                                                                                                             |
| (d)(1)(iv)   | Were there any other significant deficiencies reported for major Federal programs?                     | No                                                                                                                                                                             |
| (d)(1)(v)    | Type of Major Programs' Compliance Opinion                                                             | Unmodified                                                                                                                                                                     |
| (d)(1)(vi)   | Are there any reportable findings under 2 CFR Section 200.516(a)?                                      | No                                                                                                                                                                             |
| (d)(1)(vii)  | Major Programs (list):                                                                                 | <u>U.S. Department of Education</u><br>COVID-19 Education Stabilization Fund<br>ALN 84.425U American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER) |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs                                                                    | Type A: > \$ 750,000<br>Type B: all others                                                                                                                                     |
| (d)(1)(ix)   | Low Risk Auditee?                                                                                      | Yes                                                                                                                                                                            |

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-FEDERAL COMPLIANCE REQUIREMENTS  
For the Year Ended June 30, 2024**

(Continued)

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*Findings – Financial Statement Audit*

No findings noted in the current year.

*Findings and Questioned Costs – Major Federal Award Program Audit*

No findings noted in the current year.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT  
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS-FEDERAL COMPLIANCE REQUIREMENTS  
For the Year Ended June 30, 2024**

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*Findings – Financial Statement Audit*

None.

*Findings and Questioned Costs – Major Federal Award Programs*

None.