

## PRELIMINARY OFFICIAL STATEMENT

### NEW/RENEWAL ISSUE

### BOND ANTICIPATION NOTES

*In the opinion of Trespasz Law Offices, LLP, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, 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. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. (See "TAX MATTERS" herein.)*

*The Notes will NOT be "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.*

# \$8,302,994



## CAZENOVIA CENTRAL SCHOOL DISTRICT MADISON AND ONONDAGA COUNTIES, NEW YORK GENERAL OBLIGATIONS

### \$8,302,994 Bond Anticipation Notes, 2024 (the "Notes")

**Dated: July 11, 2024**

**Due: July 11, 2025**

The Notes are general obligations of the Cazenovia Central School District, Madison and Onondaga Counties, New York (the "School District" or "District"). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF THE OBLIGATION" and "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 in (i) registered certificated form registered in the name of the purchaser(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, Jersey City, New Jersey ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the School District. The Notes will be issued in denominations of \$5,000 or multiples thereof, except for one necessary odd denomination which is or includes \$7,994. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or multiples thereof, except for one necessary odd denomination which is or includes \$7,994. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinion as to the validity of the Notes of Trespasz Law Offices, LLP, Bond Counsel, Syracuse, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or at such place as may be agreed upon with the purchaser(s) on or about July 11, 2024.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com), on July 2, 2024 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via 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 for the Notes.**

June 28, 2024

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.

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MADISON AND ONONDAGA COUNTIES, NEW YORK**

**SCHOOL DISTRICT OFFICIALS**

**2024-2025 BOARD MEMBERS**



JOANNE RACE  
President

MEGHAN KELLY  
Vice President

TRAVIS BARR-LONGO  
JUDITH HIGHT  
RONALD LUTERAN  
JENNIFER PARMALEE  
DR. JAN WOODWORTH

\* \* \* \* \*

**ADMINISTRATION**

CHRISTOPHER DIFULVIO  
Superintendent of Schools

THOMAS FINNERTY  
Assistant Superintendent

DONNA MEYERS  
District Treasurer

EMILY AYRES  
School District Clerk



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor



TRESPASZ LAW OFFICES, LLP  
BOND COUNSEL

No person has been authorized by Cazenovia Central School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the 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 Cazenovia Central School District.

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**PREPARED WITH THE ASSISTANCE OF**



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**OFFICIAL STATEMENT**  
of the  
**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**MADISON AND ONONDAGA COUNTIES, NEW YORK**  
Relating To  
**\$8,302,994 Bond Anticipation Notes, 2024**

This Official Statement, which includes the cover page and appendices, has been prepared by the Cazenovia Central School District, Madison and Onondaga Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$8,302,994 principal amount of Bond Anticipation Notes, 2024 (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.

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 INFORMATION - 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 School District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon 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 School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to the statutory limitations imposed by Chapter 97 of the Laws of 2011. See “NATURE OF THE OBLIGATION” and “TAX LEVY LIMITATION LAW” herein.

The Notes will be dated July 11, 2024 and will mature July 11, 2025. The Notes are not subject to redemption prior to maturity. Interest 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 certificated form registered in the name of the purchaser, in denominations of \$5,000 or multiples thereof, except for one necessary odd denomination which is or includes \$7,994, as may be determined by the successful bidder or (ii) at the option of the purchaser, in book-entry-only form, 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 statutes of the State of New York, including, the Education Law, the Local Finance Law, and a bond resolution of the District adopted April 19, 2022 authorizing a capital improvement project at a cost not to exceed \$10,713,319 and the issuance and sale of serial bonds or notes in an amount not to exceed \$8,302,994. The capital project consists of certain renovations, alterations, improvements and upgrades to Middle School-High School and Emory Avenue Building. The proceeds of the Notes will fully redeem and renew a \$7,000,000 portion of the \$21,545,000 bond anticipation notes maturing July 12, 2024 and provide \$1,302,994 new money for phase 2 of the aforementioned capital project. The remaining portion of the notes maturing on July 12, 2024 have been permanently financed with the issuance of serial bonds through the Dormitory Authority of the State of New York.

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

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes, if the Purchaser so elects. 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 the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, 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 multiples thereof, except for one necessary odd denomination which is or includes \$7,994. 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 District is located in upstate New York, in the geographical location known as Central New York. It is situated principally in the County of Madison, with a small portion of its western sector located in Onondaga County. The City of Syracuse is approximately 20 miles to the northwest, and the City of Utica, 40 miles to the northeast.

The District encompasses a land area of approximately 112 square miles. The center of population is the Town of Cazenovia, which had a 2023 estimated U.S. Census of 6,674.

Major highways serving the District include U.S. Route 20 and State Highways #13 and #92. The New York State Thruway is located to the north. Commercial air transportation is available at the Syracuse Hancock International Airport.

The District is generally residential and agricultural in nature. Residential neighborhoods are concentrated mainly in and around the Village of Cazenovia, which is situated at the southern tip of Cazenovia Lake. Professional and retail services, as well as employment opportunities, are available in and around the Village of Cazenovia and in the Syracuse metropolitan area.

The District's local economy has grown over the last three years. In that time, the following have opened: a new Hampton Inn, the Madison County Distillery, and an Aldi grocery store. Additionally, construction in two housing developments in the Village of Cazenovia continue. The South Meadow housing development is well underway and it is estimated that at least fifteen new homes will be built there. The Emick Lane development has grown by nearly fifteen homes. Finally, at the east end of town, construction of an apartment/retail building has been completed. The Empire Farmstead Brewery & Restaurant property and business were purchased by new owners who have re-opened the business and establishment as Meier's Creek Brewing Company.

Higher educational institutions within, and in close proximity to the District, include Cazenovia College, Colgate University, Le Moyne College, State University of New York College at Morrisville and Syracuse University.

Source: District officials.

### Population

The current estimated population of the District is 10,154. (Source: 2022 U.S. Census Bureau estimate).

### 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 Counties listed below. The figures set below with respect to such Towns and Counties is included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or Counties is 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>2018-2022</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>
Towns of:						
Cazenovia	\$ 39,056	\$ 43,675	\$ 52,545	\$ 90,855	\$108,203	\$ 129,650
Fenner	22,276	35,921	35,248	58,158	67,917	81,500
Georgetown	16,257	23,301	29,359	49,643	53,472	68,125
Lincoln	30,055	33,207	39,459	67,321	73,558	94,844
Nelson	29,863	38,965	47,714	69,196	95,625	113,672
Sullivan	24,982	32,979	37,178	64,101	87,035	95,351
Pompey	37,053	55,649	58,349	93,731	121,273	120,341
Counties of:						
Madison	24,311	32,443	37,666	61,828	78,812	89,213
Onondaga	27,037	34,600	39,371	65,929	82,368	94,559
State of:						
New York	30,948	40,898	47,173	67,405	87,270	100,846

Note: 2019-2023 American Community Survey estimates are not available as of the date of this Official Statement.

Source: 2006-2010, 2016-2020 and 2018-2022 American Community Survey data.

## Largest Employers

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Marquardt Switches, Inc <sup>(1)</sup>	Manufacturing	435
CPP Ferrous	Metal Castings	300
Cazenovia Central School District	Education	252
Knowles Capacitors, Inc.	Manufacturing	180
Top's	Grocery Store	80

<sup>(1)</sup> Expected to relocate approximately 180 jobs to the Country of Mexico in mid to late 2025.

Source: District officials.

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

	<u>Annual Average</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Madison County	5.5%	4.8%	4.3%	7.8%	4.5%	3.4%	3.7%
Onondaga County	4.7	4.0	3.8	8.4	4.9	3.3	3.5
New York State	4.7	4.1	3.8	9.9	6.9	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>
Madison County	5.1%	5.0%	4.5%	3.8%	N/A	N/A
Onondaga County	5.1	5.0	4.5	3.8	N/A	N/A
New York State	4.3	4.5	4.0	3.9	N/A	N/A

Note: Unemployment rates for May and June 2024 are unavailable as of the date of this Official Statement.

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

## Form of School Government

The Board of Education is the policy-making body of the District and consists of seven members with overlapping three-year terms so that as nearly as possible an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District. The President and the Vice President are selected by the Board members.

The administrative officers of the District implement the policies of the Board of Education and supervise the operation of the school system.

## Budgetary Procedures

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

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

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

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

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

### *Recent Budget Vote Results*

The budget for the 2023-2024 fiscal year was approved by the qualified voters on May 16, 2023 by a vote of 427 to 258. The District’s adopted budget for 2023-2024 fiscal year was above the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 6.99% which was above to the District tax levy limit of 2.48%,

The budget for the 2024-2025 fiscal year was voted down by qualified voters on May 21, 2024. A revised budget for the 2024-2025 fiscal year was adopted by qualified voters on June 18, 2024 by a vote of 1,127 to 546. The revised budget for the 2024-25 fiscal year calls for a tax levy increase of 4.02%, which is at the District’s maximum allowable tax levy increase of 4.02% for the 2024-25 fiscal year.

### **Investment Policy**

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) 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 District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian, with collateral as required by law.

### **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 35.03% 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.

Since March 2020, the State has been awarded over \$14 billion in Federal education COVID response funding through the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act; Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (“CRRSA”); and the American Rescue Plan (“ARP”) Act. These funds are supporting the ability of local educational agencies to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in the State. The District has been allocated a total of approximately \$1,693,651 of ARP funds and \$1,280,753 of CRRSA funds. As of the date of this Official Statement, the District has received its ARP and CRRSA funds in full.

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

#### *Building Aid*

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



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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2024-25 preliminary building aid ratios, the District expects to receive State building aid of approximately 71.0% 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 and budgeted figures for the current fiscal year comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2018-2019	\$ 28,639,133	\$ 9,638,050	33.65%
2019-2020	29,500,936	9,489,423	32.17
2020-2021	30,103,497	9,349,956	31.06
2021-2022	31,459,393	10,640,107	33.82
2022-2023	33,113,564	11,342,433	34.25
2023-2024 (Budgeted)	35,429,529	12,464,320	35.18
2023-2024 (Unaudited)	36,133,230	12,644,556	34.99
2024-2025 (Budgeted)	36,549,222	12,802,430	35.03

<sup>(1)</sup> General fund only, does not include interfund transfers or appropriated reserves.

Source: Audited financial statements for the 2018-2019 through and including the 2022-2023 fiscal year, unaudited figures for 2023-2024 and the adopted budgets of the District for the 2023-2024 and 2024-2025 fiscal years. This table is not audited.

**District Facilities**

The District currently operates the following facilities:

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
Burton Street Elementary School	K-4	837	'57, '67, '93, '11
Emory Avenue Complex (MS)	5-7	594	'52, '92, '96, '11
Emory Avenue Complex	8-12	1,290	'30, '52, '57, '63, '78, '93, '96, '04, '11

Source: District officials.

**Enrollment Trends**

<u>School Year</u>	<u>Total Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2019-20	1,369	2024-25	1,338
2020-21	1,328	2025-26	1,333
2021-22	1,340	2026-27	1,328
2022-23	1,320	2027-28	1,323
2023-24	1,332	2028-29	1,320

Source: District officials.

## Employees

The District employs a total of approximately 250 employees, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
161	Cazenovia Central School Teachers' Association	June 30, 2025
10	Cazenovia Association of Supervisors & Administrators	June 30, 2024 <sup>(1)</sup>
68	Cazenovia Support Staff Union	June 30, 2026
3	Individual Contracts (Supt. & Asst. Supt.)	June 30, 2026
10	Management Confidential/Non-Represented Employees	N/A

<sup>(1)</sup> contracts expiring 6/30/2024 currently agreed to terms, but not finalized.

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 vest after ten years of credited service. 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.
- 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 will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

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

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-2019	396,194	1,157,286
2019-2020	405,007	931,380
2020-2021	460,966	1,019,741
2021-2022	461,778	1,062,125
2022-2023	374,771	1,200,767
2023-2024 (Budgeted)	449,385	1,250,787
2023-2024 (Unaudited)	443,999	1,302,761
2024-2025 (Budgeted)	539,131	1,294,960

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 offered early retirement incentives as follows:

<u>Fiscal Year</u>	<u>Staff Participants</u>	<u>Replacement Cost</u>	<u>Savings</u>
2017-2018	1	\$ 53,212	\$ 19,147
2018-2019	4	221,492	81,989
2019-2020	4	244,723	195,280
2020-2021	2	110,406	44,006
2021-2022	4	275,034	146,968
2022-2023	0	0	0
2023-2024	2	126,085	56,341
2024-2025 (Estimated)	0	0	0

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

Source: District officials.

*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 (2021 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	16.1	10.29
2023-24	13.1	9.76
2024-25	15.2	10.02*

\*Estimated

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 2021-2022 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 established a reserve fund for the purpose of funding the cost of TRS contributions.

## **Other Post Employee 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, 2017, 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.

The District contracted with Questar III BOCES to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2022 and 2023.

The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

	Balance beginning at:	<u>June 30, 2021</u>	<u>June 30, 2022</u>
		\$ 76,421,337	\$ 63,198,323
<u>Changes for the year:</u>			
Service cost		2,838,568	1,953,231
Interest		1,687,845	2,263,199
Differences between expected and actual experience		-	-
Effect on plan changes		-	(34,968)
Effect of Demographic gains or losses		(15,499,559)	4,471,682
Changes in assumptions or other inputs		-	(1,400,165)
Benefit payments		<u>(2,249,868)</u>	<u>(2,460,128)</u>
Net Changes		<u>\$ (13,223,014)</u>	<u>\$ 4,792,851</u>
	Balance ending at:	<u>June 30, 2022</u>	<u>June 30, 2023</u>
		<u>\$ 63,198,323</u>	<u>\$ 67,991,174</u>

Note: The above table is not audited. For additional information see "APPENDIX – D" 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.

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

### Other Information

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

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

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

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

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



## Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2023 and is attached hereto as "APPENDIX – D". Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

Beginning with the fiscal year ending June 30, 2003, the District issues 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.

### *Unaudited Results of Operations for Fiscal Year Ending June 30, 2024*

The District expects to conclude the fiscal year ending June 30, 2024 with an unappropriated unreserved fund balance of approximately \$1,537,089. Summary unaudited projected information for the General Fund for the period ending June 30, 2024 is as follows:

Projected Revenues:	\$	36,133,230
Projected Expenditures:	\$	<u>35,233,230</u>
Projected Excess (Deficit) Revenues Over Expenditures:	\$	<u>900,000</u>
Total Fund Balance at June 30, 2023:	\$	10,956,535
Total Projected General Fund Balance at June 30, 2024:	\$	9,888,012

Note: These projections are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

Source: District officials.

## 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 State Comptroller's office released an audit report of the District on July 3, 2019. The purpose of the audit was to Determine whether District officials ensured that the personal, private and sensitive information (PPSI) on District servers and in the financial system was adequately protected from unauthorized access, use and loss for the period July 1, 2017 through August 31, 2018.

### Key Findings:

District officials did not:

- Provide cybersecurity awareness training to employees.
- Disable and/or remove unnecessary user accounts on the network.
- Properly manage PPSI data.

### Key Recommendations:

- Provide employees with periodic cybersecurity awareness training.
- Adopt policies and procedures for adding, deleting and modifying user access rights.
- Inventory, classify and develop controls over PPSI maintained and collected by the District.

The District provided a complete response to the State Comptroller's office on June 26, 2019. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptrollers audits of the District that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein.

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

The reports of the State Comptroller for the past three fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	No Designation	0.0%
2022	No Designation	0.0%
2021	No Designation	0.0%

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

## TAX INFORMATION

### Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Towns of:					
Cazenovia	\$ 731,082,735	\$ 736,953,783	\$ 745,962,482	\$ 753,127,245	\$ 783,480,257
Fenner	80,313,027	80,701,935	81,623,224	81,356,270	81,875,333
Georgetown	678,064	682,704	778,538	786,592	776,970
Lincoln	6,668,856	6,671,007	6,730,951	6,647,149	6,687,971
Nelson	148,194,887	149,522,247	150,286,265	150,502,609	151,359,915
Pompey	46,532,912	46,403,353	47,028,286	46,961,410	47,651,761
Sullivan	8,799,089	8,853,211	8,870,027	8,810,763	9,128,938
Total Assessed Values	<u>\$ 1,022,269,570</u>	<u>\$ 1,029,788,240</u>	<u>\$ 1,041,279,773</u>	<u>\$ 1,048,192,038</u>	<u>\$ 1,080,961,145</u>
State Equalization Rates					
Towns of:					
Cazenovia	99.00%	99.00%	97.00%	91.00%	76.00%
Fenner	94.00%	92.00%	94.00%	81.00%	69.00%
Georgetown	86.00%	85.00%	100.00%	95.00%	82.00%
Lincoln	96.00%	95.50%	91.50%	81.00%	64.00%
Nelson	94.00%	92.00%	94.00%	81.00%	69.00%
Pompey	94.00%	89.00%	89.00%	78.00%	70.00%
Sullivan	92.00%	92.00%	87.00%	80.00%	69.00%
Total Taxable Full Valuation	<u>\$ 1,048,363,431</u>	<u>\$ 1,064,191,620</u>	<u>\$ 1,086,916,682</u>	<u>\$ 1,194,112,625</u>	<u>\$ 1,461,618,942</u>

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

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Towns of:					
Cazenovia	\$ 18.56	\$ 18.85	\$ 19.06	\$ 18.92	\$ 19.80
Fenner	19.54	20.28	19.66	21.26	21.81
Georgetown	21.36	21.95	18.48	18.12	18.35
Lincoln	19.14	19.54	20.20	21.26	23.52
Nelson	19.54	20.28	19.67	21.26	21.81
Pompey	19.54	20.97	20.77	22.07	21.50
Sullivan	19.97	20.28	21.25	21.52	21.81

### Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged From October 1<sup>st</sup> to October 31<sup>st</sup>, and a 3% penalty from November 1<sup>st</sup> to November 7<sup>th</sup>. After November 7<sup>th</sup>, uncollected taxes are returnable to Madison and Onondaga Counties for collection. The School District receives this amount from said Counties prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by said Counties.

### Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Tax Levy	\$ 19,258,986	\$ 19,856,962	\$ 19,393,652	\$ 19,943,867	\$ 21,497,445
Amount Uncollected <sup>(1)</sup>	1,044,386	932,965	984,141	854,629	963,787
% Uncollected	5.42%	4.70%	5.07%	4.29%	4.48%

(1) See "Tax Collection Procedure" herein.

### Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted figures comprised of Real Property Taxes.

<u>Fiscal Year</u>	<u>Total Revenues <sup>(1)</sup></u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2018-2019	\$ 28,639,133	\$ 16,816,728	58.72%
2019-2020	29,500,936	17,813,260	60.38
2020-2021	30,103,497	18,481,642	61.39
2021-2022	31,459,393	18,780,750	59.70
2022-2023	33,113,564	19,284,802	58.24
2023-2024 (Budgeted)	35,429,529	21,997,539	62.09
2023-2024 (Unaudited)	36,133,230	22,043,555	61.01
2024-2025 (Budgeted)	36,549,222	22,882,786	62.61

<sup>(1)</sup> General fund only, does not include interfund transfers or appropriated reserves.

Source: Audited financial statements for the 2018-2019 through and including the 2022-2023 fiscal year, unaudited figures for 2023-2024 and the adopted budgets of the District for the 2023-2024 and 2024-2025 fiscal years. This table is not audited.

## Larger Taxpayers 2023 Tax Roll for 2023-2024

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
National Grid	Utility	\$ 26,975,021
Tennessee Gas Pipeline Company	Utility	14,399,311
Marquardt Switches	Manufacturing	4,933,333
New Plan East, LLC	Real Estate	4,340,659
Windstream New York, Inc.	Communication	3,854,392
Dielectric Labs, Inc.	Manufacturing	3,395,062
Canterbury Stables, LLC	Horse Boarding & Riding Lessons	3,174,691
Citylake Properties, LLC	Real Estate	3,021,978
Joan M. Difulentiz, Rev. Trust	Estate	2,774,725
37 Albany Street, LLC	Real Estate	2,694,395

The ten larger taxpayers listed above have a total taxable full valuation of \$69,563,567 which represents 6.64% of the tax base of the District.

As of the date of this Official Statement, the District currently does not have any pending or outstanding tax certioraris that, if adversely decided, would have a material adverse impact on the District.

Source: District Tax Rolls.

### 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>
Cazenovia	\$ 65,920	\$ 24,300	4/9/2024
Fenner	58,680	22,340	4/9/2024
Georgetown	68,880	25,370	4/9/2024
Lincoln	58,680	21,740	4/9/2024
Nelson	58,680	22,340	4/9/2024
Sullivan	57,960	21,360	4/9/2024
Pompey	58,800	21,150	4/9/2024

\$1,185,520 of the District’s \$21,997,539 school tax levy for the 2023-2024 fiscal year is expected to be exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2024.

\$1,255,466 of the District’s \$22,882,786 school tax levy for the 2024-2025 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January, 2025.

**Additional Tax Information**

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

Senior Citizens' exemptions are offered to those who qualify.

The total valuation of the District is estimated to be categorized as follows: Residential-90%, and Commercial- 10%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$3,404 including County, 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, applicable to the Notes.

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.

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

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

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

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

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

### Statutory Procedure

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

The School District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the School 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. No down payment is required in connection with the issuance of School District obligations.

Debt Limit. 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 five per centum of the average full valuation of the taxable real estate of the School District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional method for determining average full valuation is by taking the assessed valuation of taxable real estate for the last five completed assessment rolls and applying thereto the ratio (special equalization ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of such last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

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 within 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 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 School District, pursuant to the Local Finance Law.

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

**Debt Outstanding End of Fiscal Year**

<u>Fiscal Years Ending June 30<sup>th</sup>:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$ 14,386,223	\$ 12,708,657	\$ 10,999,738	\$ 9,261,174	\$ 21,191,015
Bond Anticipation Notes	0	3,000,000	14,704,457	15,983,948	21,545,000
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 14,386,223	\$ 15,708,657	\$ 25,704,195	\$ 25,245,122	\$ 42,736,015

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 28, 2024.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2024-2032	\$ 19,108,132
<u>Bond Anticipation Notes</u>		
Capital Project & EPC Project	July 12, 2024	<u>21,545,000</u> <sup>(1)</sup>
	Total Indebtedness	<u>\$ 40,653,132</u>

<sup>(1)</sup> To be partially redeemed and renewed at maturity with the proceeds of the Notes, serial bonds issued through Dormitory Authority of the State of New York and \$305,000 available funds of the District.



## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 28, 2024:

Full Valuation of Taxable Real Property .....	\$ 1,461,618,942
Debt Limit 10% thereof .....	146,161,894

### Inclusions:

Bonds.....	\$ 19,108,132	
Bond Anticipation Notes <sup>(1)</sup> .....	14,545,000	
Principal of this Issue .....	<u>8,302,994</u>	
Total Inclusions.....		<u>\$ 41,956,126</u>

### Exclusions:

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

Total Net Indebtedness .....	<u>\$ 41,956,126</u>
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Net Debt-Contracting Margin.....	<u>\$ 104,205,768</u>
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The percent of debt contracting power exhausted is .....	28.71%
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(1) \$14,240,000 of the bond anticipation notes listed above are being permanently financed through DASNY, along with \$305,000 available funds of the District. The remaining \$7,000,000 portion of the notes maturing July 12, 2024 is being renewed as part of the Notes.

(2) Based on preliminary 2024-2025 building aid estimates, the District anticipates State Building aid of 71.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to 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

On December 18, 2018, the qualified voters of the District approved a \$15 million capital improvement project (Phase 1 and 1A) for the reconstructions and construction to District’s buildings. The District anticipates 67% of the approved project cost will be paid for by New York State building aid. Construction work began in the spring of 2020 and is ongoing. On July 13, 2023 the District issued a \$13,110,000 portion of \$21,545,000 bond anticipation notes, along with \$472,690 available funds of the District to partially redeem and renew the \$13,582,690 portion of bond anticipation notes that matured July 14, 2023. The Bonds issued through DASNY, along with \$275,000 available funds of the district partially redeemed and renewed a \$13,110,000 portion of the outstanding notes for this project.

The District annually votes on the purchase of buses. On May 21, 2024 District voters approved a proposition consisting of the purchase school buses at a maximum estimated cost of \$533,102. A borrowing for the buses will be completed once a delivery date for the buses to be delivered to the school is known.

The District is currently in the closeout phase of a \$1.7M Energy Performance Contract (“EPC”) project which the District intends to issue bonds to finance. As with all EPC projects, the utility savings realized by the completed work plus state building aid will pay the bond payments. On July 13, 2023 the District issued a \$1,435,000 portion of \$21,545,000 bond anticipation notes, along with \$52,824 available funds of the district to partially redeem and renew outstanding bond anticipation notes that matured July 14, 2023 for the Energy Performance Project. The Bonds issued through DASNY partially redeemed and renewed a \$1,435,000 portion of the outstanding notes for this project.

A successful public vote, of 1,189 to 1,102 was held March 30, 2022 giving approval of a capital project (Phase 2) which consists of certain renovations, alterations, improvements and upgrades to the Middle School-High School and Emory Avenue Building. On July 13, 2023 the District issued a \$7,000,000 portion of \$21,545,000 bond anticipation notes as new money for this project. The Notes will renew a \$7,000,000 portion of the outstanding notes maturing on July 12, 2024.

On December 12, 2023 the District voters approved a capital project (Phase 3) by a vote of 136 to 66. The project consists of certain renovations, alterations, improvements and upgrades to the Burton Street Elementary and Emory Avenue Middle/High School Building. The project was approved at an estimated cost of \$4,000,000 that will address roofing, boilers and HVAC controls. Project construction is expected to commence in January 2025 and be completed by December 2025.

The District also has a future capital project tentatively planned to build a new bus garage with completion expected in the 2029-2030 fiscal year.

### Cash Flow Borrowings

The District has not found it necessary to issue Tax or Revenue Anticipation Notes in the last five years. The District does not currently anticipate issuing tax anticipation notes or revenue anticipation notes in the foreseeable future.

### Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause axes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed below of the respective municipalities.

<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>Net Overlapping Indebtedness</u>
County of:						
Madison	11/2/2023	\$ 44,255,000	\$ 975,000 <sup>(3)</sup>	\$ 43,280,000	23.80%	\$ 10,300,640
Onondaga	6/30/2023	669,178,512	252,381,343 <sup>(3)</sup>	416,797,169	0.17%	708,555
Town of:						
Cazenovia	12/31/2022	971,727 <sup>(4)</sup>	- <sup>(5)</sup>	971,727	98.47%	956,860
Fenner	12/31/2022	- <sup>(4)</sup>	- <sup>(5)</sup>	-	76.51%	-
Georgetown	12/31/2022	- <sup>(4)</sup>	- <sup>(5)</sup>	-	1.42%	-
Lincoln	12/31/2022	445,000 <sup>(4)</sup>	- <sup>(5)</sup>	445,000	6.60%	29,370
Nelson	12/31/2022	- <sup>(4)</sup>	- <sup>(5)</sup>	-	73.81%	-
Pompey	12/31/2022	449,000 <sup>(4)</sup>	- <sup>(5)</sup>	449,000	7.16%	32,148
Sullivan	12/31/2022	7,415,535 <sup>(4)</sup>	- <sup>(5)</sup>	7,415,535	1.06%	78,605
Village of:						
Cazenovia	5/31/2023	- <sup>(4)</sup>	- <sup>(5)</sup>	-	100.00%	-
Total:						<u>\$ 12,106,178</u>

- (1) Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.
- (2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (3) Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.
- (4) Gross indebtedness sourced from local government data provided by the State Comptroller's office for the most recent fiscal year such data is available for the respective municipality.
- (5) Information regarding excludable debt not available.

## Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 28, 2024:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 41,956,126	\$ 4,131.98	2.87%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	54,062,304	5,324.24	3.70

(a) The current estimated population of the District is 10,154. (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for the 2023-2024 fiscal year is \$1,461,618,942. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.

(d) Estimated net overlapping indebtedness is \$12,106,178. (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 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 or in other jurisdictions of the country, 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 in other jurisdictions of the country 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 in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT – State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District could have an impact upon the operations of the school budget, its ratings and hence the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

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.

COVID-19. An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, spread globally, including to the United States, and was declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The outbreak had caused the federal government to declare a national state of emergency. The State also initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. Schools and non-essential businesses have been allowed to reopen under guidelines issued by the State. These steps had a material impact on public gatherings and the operations of schools, non-essential businesses and other entities for an extended period. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein).

## **TAX MATTERS**

In the opinion of Trespasz Law Offices, LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, 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, as amended (the "Code"), and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, 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".

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 School District has covenanted to comply with certain restrictions designed to insure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants will result in interest on the Notes being included in gross income for federal income tax purposes as well as adjusted gross income for purposes of personal income taxes imposed by the State of New York or the City of New York, from the date of original issuance of the Notes. The opinion of Bond Counsel assumes 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 excluded from adjusted gross income for federal income taxes imposed by the State of New York and the City of New York, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect an Owner's federal or state 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, or 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. For example, legislative proposals have been advanced that would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals 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, perhaps

significantly, 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, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinions of Trespasz Law Offices, LLP, Bond Counsel. Bond Counsel's opinions will be in substantially the forms attached hereto as "APPENDIX – E".

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

## **LITIGATION**

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

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

## **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 Material Event Notices, a description of which is attached hereto as "APPENDIX – C".

## **Historical Compliance**

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

## **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 financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial 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 Fiscal Advisors 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.

## RATING

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) pending the approval of the District, 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", attached hereto).

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "AA-" with a stable outlook to the District's outstanding bonds. The rating reflects only the view of S&P and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041, Phone: (212) 438-2118.

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 Notes.

## 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.

Trespasz Law Offices, LLP, Syracuse, 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: Mr. Thomas Finnerty, Assistant Superintendent, Cazenovia Central School District, District Offices, 31 Emory Avenue, Cazenovia, New York 13035, Phone: (315) 655-1340, Fax: (315) 655-1375, Email: [tfinnerty@caz.cnyric.org](mailto:tfinnerty@caz.cnyric.org).

Additional copies of the Notice of Sale and the Official Statement 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).

**CAZENOVIA CENTRAL SCHOOL DISTRICT**

**Dated: June 28, 2024**

**JOANNE RACE**  
**PRESIDENT OF THE BOARD OF EDUCATION**

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>ASSETS</b>					
Unrestricted Cash	\$ 2,862,812	\$ 4,411,144	\$ 3,526,562	\$ 3,340,796	\$ 3,594,408
Restricted Cash	4,424,774	5,163,704	7,414,752	8,409,203	7,997,294
Accounts Receivable	-	-	-	-	-
Due from Other Governments	491,898	494,651	630,029	1,175,254	723,771
Due from Other Funds	918,256	231,764	220,084	511,395	646,588
Other Receivables	67,585	30,637	74,918	52,652	76,489
Prepaid Expenditures	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 8,765,325</b>	<b>\$ 10,331,900</b>	<b>\$ 11,866,345</b>	<b>\$ 13,489,300</b>	<b>\$ 13,038,550</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Accounts Payable	\$ 208,539	\$ 77,622	\$ -	\$ 52,112	\$ 243
Accrued Liabilities	40,557	377,014	317,215	374,274	172,892
Due to Other Governments	-	-	-	-	-
Due to Other Funds	555	2,656	101,004	37,063	135,896
Due to Teachers' Retirement System	1,188,869	1,004,331	1,105,415	1,179,392	1,301,345
Due to Employees' Retirement System	99,774	102,364	136,162	106,900	99,766
Deferred Revenues	265,858	93,144	-	-	-
Accrued Interest Payable	-	-	-	-	371,873
Other Liabilities	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,804,152</b>	<b>1,657,131</b>	<b>1,659,796</b>	<b>1,749,741</b>	<b>2,082,015</b>
<b>FUND EQUITY</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,424,774	5,163,704	7,414,752	8,409,203	7,997,294
Assigned	730,099	633,877	1,481,958	1,955,477	1,498,058
Unassigned (Deficit)	1,806,300	2,877,188	1,309,839	1,374,879	1,461,183
<b>TOTAL FUND EQUITY</b>	<b>6,961,173</b>	<b>8,674,769</b>	<b>10,206,549</b>	<b>11,739,559</b>	<b>10,956,535</b>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<b>\$ 8,765,325</b>	<b>\$ 10,331,900</b>	<b>\$ 11,866,345</b>	<b>\$ 13,489,300</b>	<b>\$ 13,038,550</b>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>REVENUES</b>					
Real Property Taxes	\$ 16,422,454	\$ 16,816,728	\$ 17,813,260	\$ 18,481,642	\$ 18,780,750
Other Real Property Tax Items	1,675,483	1,651,078	1,617,996	1,554,795	1,541,605
Nonproperty Taxes	2,129	2,501	3,596	-	3,227
Charges for Services	39,937	32,669	23,205	13,266	26,880
Use of Money & Property	35,516	39,757	75,109	35,794	28,144
Sale of Property and Compensation for Loss	30,177	1,952	5,307	5,744	15,320
Miscellaneous	425,091	365,358	350,248	381,743	295,942
Revenues from State Sources	9,625,653	9,638,050	9,489,423	9,349,956	10,640,107
Revenues from Federal Sources	45,743	91,040	122,792	280,557	127,418
Total Revenues	<u>\$ 28,302,183</u>	<u>\$ 28,639,133</u>	<u>\$ 29,500,936</u>	<u>\$ 30,103,497</u>	<u>\$ 31,459,393</u>
Other Sources:					
Interfund Transfers	-	699,180	-	-	772,215
Total Revenues and Other Sources	<u>28,302,183</u>	<u>29,338,313</u>	<u>29,500,936</u>	<u>30,103,497</u>	<u>32,231,608</u>
<b>EXPENDITURES</b>					
General Support	\$ 2,988,824	\$ 2,769,043	\$ 2,937,131	\$ 2,986,746	\$ 3,226,723
Instruction	12,647,474	13,063,221	12,857,588	12,856,762	13,277,230
Pupil Transportation	1,108,720	1,083,025	1,002,211	1,180,897	1,412,651
Community Services	750	1,250	95	-	-
Employee Benefits	7,707,149	8,316,019	8,610,346	8,857,725	9,294,067
Debt Service	2,165,195	2,398,407	2,545,827	2,566,496	2,634,873
Total Expenditures	<u>\$ 26,618,112</u>	<u>\$ 27,630,965</u>	<u>\$ 27,953,198</u>	<u>\$ 28,448,626</u>	<u>\$ 29,845,544</u>
Other Uses:					
BANs Redeemed from Appropriations	250,498	-	-	-	720,509
Interfund Transfers	140,000	100,000	100,000	123,091	132,545
Total Expenditures and Other Uses	<u>27,008,610</u>	<u>27,730,965</u>	<u>28,053,198</u>	<u>28,571,717</u>	<u>30,698,598</u>
Excess (Deficit) Revenues Over Expenditures	<u>1,293,573</u>	<u>1,607,348</u>	<u>1,447,738</u>	<u>1,531,780</u>	<u>1,533,010</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	4,060,252	5,353,825	6,961,173	8,674,769	10,206,549
Prior Period Adjustments (net)	-	-	265,858	-	-
Fund Balance - End of Year	<u>\$ 5,353,825</u>	<u>\$ 6,961,173</u>	<u>\$ 8,674,769</u>	<u>\$ 10,206,549</u>	<u>\$ 11,739,559</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:

	2023			2024	2025
	Adopted Budget	Modified Budget	Actual	Adopted Budget	Adopted Budget
<b>REVENUES</b>					
Real Property Taxes	\$ 20,560,067	\$ 19,218,893	\$ 19,284,802	\$ 21,997,539	\$ 22,882,786
Other Tax Items	199,550	1,587,724	1,511,082	212,594	237,756
Nonproperty Taxes	49,000	2,000	3,332	49,000	49,000
Charges for Services	-	32,000	28,375	-	-
Use of Money & Property	60,000	60,000	419,777	110,000	160,000
Sale of Property and Compensation for Loss	-	-	2,295	-	-
Miscellaneous	613,779	280,000	386,547	596,076	327,250
Revenues from State Sources	11,148,335	11,148,335	11,342,433	12,464,320	12,802,430
Revenues from Federal Sources	-	90,000	134,921	-	90,000
<b>Total Revenues</b>	<b>\$ 32,630,731</b>	<b>\$ 32,418,952</b>	<b>\$ 33,113,564</b>	<b>\$ 35,429,529</b>	<b>\$ 36,549,222</b>
Other Sources:					
Appropriated Reserves	941,269	-	-	906,670	1,000,000
Interfund Transfers	-	211,779	211,779	-	236,995
<b>Total Revenues and Other Sources</b>	<b>33,572,000</b>	<b>32,630,731</b>	<b>33,325,343</b>	<b>36,336,199</b>	<b>37,786,217</b>
<b>EXPENDITURES</b>					
General Support	\$ 3,721,090	\$ 3,946,708	\$ 3,378,199	\$ 3,854,473	\$ 3,931,890
Instruction	14,917,455	15,387,452	14,602,755	16,148,408	16,675,276
Pupil Transportation	1,537,015	1,587,494	1,556,846	1,774,570	1,936,435
Community Services	750	750	-	750	750
Employee Benefits	10,476,604	9,590,974	9,408,690	10,898,820	11,436,186
Debt Service	3,594,085	3,034,396	3,085,174	3,696,118	4,261,632
<b>Total Expenditures</b>	<b>\$ 34,247,000</b>	<b>\$ 33,547,774</b>	<b>\$ 32,031,664</b>	<b>\$ 36,373,139</b>	<b>\$ 38,242,169</b>
Other Uses:					
BANs Redeemed from Appropriations	-	913,434	913,434	-	-
Interfund Transfers	125,000	125,000	1,163,269	156,390	185,053
<b>Total Expenditures and Other Uses</b>	<b>34,372,000</b>	<b>34,586,208</b>	<b>34,108,367</b>	<b>36,529,529</b>	<b>38,427,222</b>
Excess (Deficit) Revenues Over Expenditures	<u>(800,000)</u>	<u>(1,955,477)</u>	<u>(783,024)</u>	<u>(193,330)</u>	<u>(641,005)</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	800,000	1,955,477	11,739,559	193,330	641,005
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,956,535</b>	<b>\$ -</b>	<b>\$ -</b>

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

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th	Principal	Interest	Total
2024	\$ 2,082,883	\$ 345,630.52	\$ 2,428,513.52
2025	1,828,132	1,122,824.74	2,950,956.74
2026	2,095,000	845,227.13	2,940,227.13
2027	1,645,000	747,462.00	2,392,462.00
2028	1,655,000	669,346.88	2,324,346.88
2029	1,690,000	590,115.63	2,280,115.63
2030	1,635,000	509,750.00	2,144,750.00
2031	1,675,000	428,000.00	2,103,000.00
2032	1,240,000	344,250.00	1,584,250.00
2033	1,275,000	282,250.00	1,557,250.00
2034	1,345,000	218,500.00	1,563,500.00
2035	1,405,000	151,250.00	1,556,250.00
2036	1,480,000	81,000.00	1,561,000.00
2037	140,000	7,000.00	147,000.00
<b>TOTALS</b>	<b>\$ 21,191,015</b>	<b>\$ 6,342,606.88</b>	<b>\$ 27,533,621.88</b>

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2013 Refunding of 2004 Serial Bond			2016 Refunding of 2009 & 2010 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
	2024	\$ 230,000	\$ 4,600.00	\$ 234,600.00	\$ 1,125,000	\$ 120,875.00
2025				1,040,000	67,500.00	1,107,500.00
2026				310,000	15,500.00	325,500.00
TOTALS	\$ 230,000	\$ 4,600.00	\$ 234,600.00	\$ 2,475,000	\$ 203,875.00	\$ 2,678,875.00

Fiscal Year Ending June 30th	2019 Bus Bonds			2020 Bus Bonds		
	Principal	Interest	Total	Principal	Interest	Total
	2024	\$ 60,000	\$ 2,035.00	\$ 62,035.00	\$ 60,000	\$ 2,000.00
2025	65,000	747.50	65,747.50	65,000	1,218.75	66,218.75
2026	-	-	-	65,000	406.25	65,406.25
TOTALS	\$ 125,000	\$ 2,782.50	\$ 127,782.50	\$ 190,000	\$ 3,625.00	\$ 193,625.00

Fiscal Year Ending June 30th	2017 DASNY Bonds			2018 Bus Purchase		
	Principal	Interest	Total	Principal	Interest	Total
	2024	\$ 400,000	\$ 192,500.00	\$ 592,500.00	\$ 90,000	\$ 1,350.00
2025	420,000	172,500.00	592,500.00	-	-	-
2026	440,000	151,500.00	591,500.00	-	-	-
2027	465,000	129,500.00	594,500.00	-	-	-
2028	485,000	106,250.00	591,250.00	-	-	-
2029	510,000	82,000.00	592,000.00	-	-	-
2030	535,000	56,500.00	591,500.00	-	-	-
2031	565,000	29,750.00	594,750.00	-	-	-
2032	30,000	1,500.00	31,500.00	-	-	-
TOTALS	\$ 3,850,000	\$ 922,000.00	\$ 4,772,000.00	\$ 90,000	\$ 1,350.00	\$ 91,350.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2022 Bus Bonds			2022 Bus Bonds		
	Principal	Interest	Total	Principal	Interest	Total
	2024	\$ 60,000	\$ 2,484.00	\$ 62,484.00	\$ 57,883	\$ 19,786.52
2025	60,000	1,974.00	61,974.00	65,000	10,816.25	75,816.25
2026	60,000	1,299.00	61,299.00	70,000	8,350.00	78,350.00
2027	60,000	462.00	60,462.00	75,000	5,518.75	80,518.75
2028	-	-	-	80,000	2,000.00	82,000.00
<b>TOTALS</b>	<b>\$ 240,000</b>	<b>\$ 6,219.00</b>	<b>\$ 246,219.00</b>	<b>\$ 347,883</b>	<b>\$ 46,471.52</b>	<b>\$ 394,354.52</b>

Fiscal Year Ending June 30th	2024 Bus Bonds			2024 DASNY Bonds		
	Principal	Interest	Total	Principal	Interest	Total
	2024	\$ -	\$ -	\$ -	\$ -	\$ -
2025	108,132	21,281.09	10,171.88	5,000	511,365.28	325,250.00
2026	125,000	10,171.88	7,750.00	1,025,000	325,125.00	325,125.00
2027	130,000	7,750.00	5,231.25	915,000	299,500.00	299,500.00
2028	135,000	5,231.25	2,615.63	955,000	276,625.00	276,625.00
2029	135,000	2,615.63	-	1,045,000	252,750.00	252,750.00
2030	-	-	-	1,100,000	226,625.00	226,625.00
2031	-	-	-	1,110,000	199,125.00	199,125.00
2032	-	-	-	1,210,000	171,375.00	171,375.00
2033	-	-	-	1,275,000	141,125.00	141,125.00
2034	-	-	-	1,345,000	109,250.00	109,250.00
2035	-	-	-	1,405,000	75,625.00	75,625.00
2036	-	-	-	1,480,000	40,500.00	40,500.00
2037	-	-	-	140,000	3,500.00	3,500.00
<b>TOTALS</b>	<b>\$ 633,132</b>	<b>\$ 47,049.84</b>	<b>\$ 25,768.75</b>	<b>\$ 13,010,000</b>	<b>\$ 2,632,490.28</b>	<b>\$ 2,446,375.00</b>

## 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 Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, the School 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 Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the SEC 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 securities, 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 securities, or other material events affecting the tax status of the Notes
- (g) modifications to rights of security holders, if material;
- (h) note calls, if material and tender offers;
- (i) defeasances;
- (j) release, substitution, or sale of property securing repayment of the securities;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the School District;
- (m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School 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 by 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 noteholders, 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 School District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.



With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School 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 government authority has assumed jurisdiction over substantially all of the assets or business of the School 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 School 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 School 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 School District determines that any such other event is material with respect to the Notes; but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The School District has agreed to provide, or cause to be provided, during the period in which the Notes are outstanding in a timely manner, to EMMA or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed material event notices, if any, on or before the date specified.

The School District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the School District no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The School 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 School District's obligations under its material event notices undertaking and any failure by the School 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 School 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 School District; provided that the School 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.

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MADISON AND ONONDAGA COUNTIES, NEW YORK**

**FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2023**

**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.**

CAZENOVIA CENTRAL  
SCHOOL DISTRICT



MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

AND

BASIC FINANCIAL  
STATEMENTS

For the Year Ended  
June 30, 2023

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

120 Lomond Court, Utica, N.Y. 13502-5950  
315-735-5216 Fax: 315-735-5210

**Independent Auditor's Report**

Board of Education  
Cazenovia 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 Cazenovia Central School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cazenovia 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 Cazenovia Central School District, as of June 30, 2023, 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 Cazenovia 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 Cazenovia 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 Cazenovia 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 Cazenovia 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 Cazenovia 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 16, 2023, on our consideration of the Cazenovia 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 Cazenovia 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 Cazenovia Central School District's internal control over financial reporting and compliance.

*D'Arcangelo + Co., LLP*

October 16, 2023

Utica, New York

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

The Cazenovia 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, 2023 and 2022. 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.

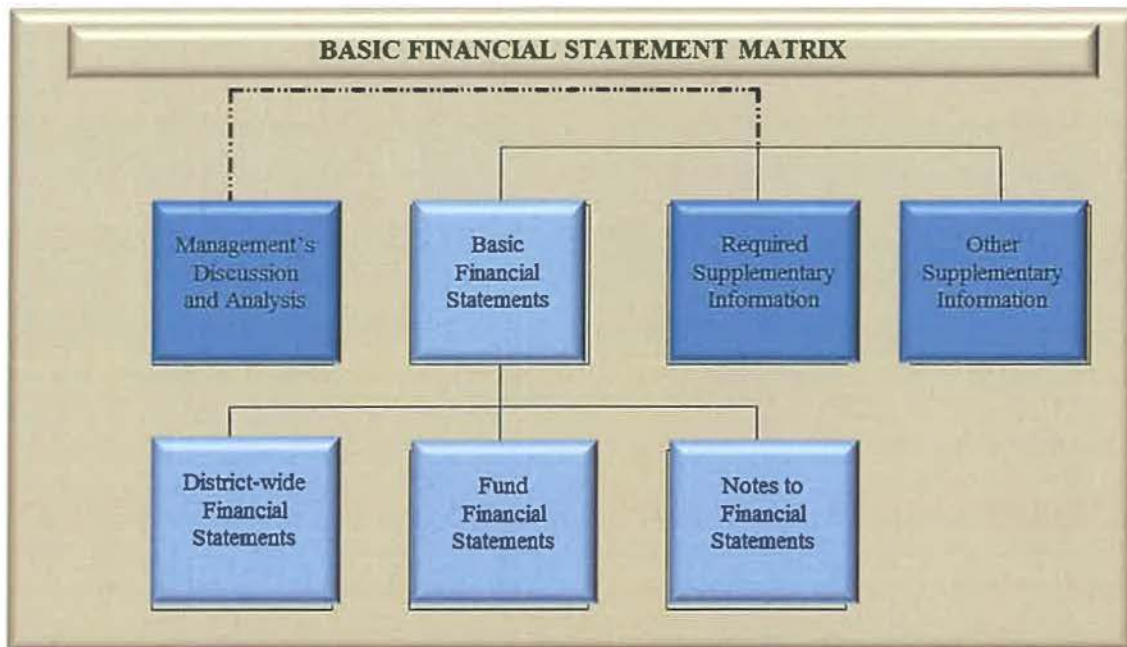
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2023, are as follows:

- The District's total Net Position, as reflected in the District-wide financial statements, decreased by \$1,552,362.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$37,228,624. Of this amount, \$238,500 was offset by program charges for services and \$2,045,259 was offset by operating grants to support instructional and food service programs. General revenues of \$33,392,503 amount to 93.6% of total revenues.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 16 and 18, decreased by \$783,024 to \$10,956,535. This was due to other financing uses of BANs Redeemed from Appropriations and transfers to the Capital Fund to finance the local share of the 2022 District wide capital project.
- State and Federal operating revenue increased by \$687,104 to \$11,466,167 in 2023 from \$10,779,063 in 2022. This was mainly due to an increase in basic formula aid payments.

**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:





**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

**(Continued)**

**A. District-wide Financial Statements**

The District-wide financial statements 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 District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference 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 District's funds, not the 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 District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the 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 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 funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds, general fund, school lunch fund, special aid fund, miscellaneous special revenue fund, 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.



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

(Continued)

Fiduciary Funds

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

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

**A. Net Position**

The District's total Net Position (Deficit) decreased \$1,552,362 between fiscal year 2022 and 2023. A summary of the District's Statement of Net Position for June 30, 2023 and 2022, is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 14,479,129	\$ 15,210,443	\$ (731,314)	(4.8%)
Net Pension Asset - Proportionate Share		11,644,045	(11,644,045)	(100.0%)
Right to Use Assets (Net of Accumulated Amortization)	334,682	297,117	37,565	12.6%
Capital Assets (Net of Accumulated Depreciation)	<u>29,868,603</u>	<u>30,301,154</u>	<u>(432,551)</u>	(1.4%)
Total Assets	<u>44,682,414</u>	<u>57,452,759</u>	<u>(12,770,345)</u>	(22.2%)
Deferred Outflows of Resources	<u>19,549,082</u>	<u>19,137,222</u>	<u>411,860</u>	2.2%
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 64,231,496</u></b>	<b><u>\$ 76,589,981</u></b>	<b><u>\$ (12,358,485)</u></b>	(16.1%)
Non-Current Liabilities	\$ 77,277,105	\$ 74,399,841	\$ 2,877,264	3.9%
Net Pension Liability - Proportionate Share	3,279,727		3,279,727	100.0%
Other Liabilities	<u>17,452,388</u>	<u>18,312,559</u>	<u>(860,171)</u>	(4.7%)
Total Liabilities	<u>98,009,220</u>	<u>92,712,400</u>	<u>5,296,820</u>	5.7%
Deferred Inflows of Resources	<u>13,360,467</u>	<u>29,463,410</u>	<u>(16,102,943)</u>	(54.7%)
Total Liabilities and Deferred Inflows of Resources	<u>111,369,687</u>	<u>122,175,810</u>	<u>(10,806,123)</u>	(8.8%)
Net Position				
Net Investment in Capital Assets	7,487,259	5,400,864	2,086,395	38.6%
Restricted	8,405,085	8,751,640	(346,555)	(4.0%)
Unrestricted (Deficit)	<u>(63,030,535)</u>	<u>(59,738,333)</u>	<u>(3,292,202)</u>	(5.5%)
Total Net Position (Deficit)	<u>(47,138,191)</u>	<u>(45,585,829)</u>	<u>(1,552,362)</u>	(3.4%)
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b><u>\$ 64,231,496</u></b>	<b><u>\$ 76,589,981</u></b>	<b><u>\$ (12,358,485)</u></b>	(16.1%)

Current and other assets decreased by \$731,314 as compared to the prior year. This decrease is primarily due to a decrease in receivables from other governments in the General Fund.

The Net Pension Asset – Proportionate Share relating to the Teachers' Retirement System and Employees' Retirement System decreased by \$11,644,045, as compared to the prior year as it converted from an asset in the prior year to a liability in the current year.

Capital assets decreased by \$432,551, as compared to the prior year. This decrease is primarily due to depreciation expense exceeding additions to fixed assets. Additionally, Right to Use Assets increased by \$37,565 compared to prior year due to additions exceeding amortization expense for the year.

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

**(Continued)**

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Deferred outflows of resources increased by \$411,860, as compared to the prior year primarily as a result of deferred amounts related to the Retirement Systems and Other Postemployment Benefits

Non-current liabilities increased by \$2,877,264 as compared to the prior year. This increase is due to an increase in the OPEB liability as well as a reduction in bonds payable due to serial bond repayments.

The Net Pension Liability – Proportionate Share relating to the Employees' Retirement System and Teachers' Retirement System increased by \$3,279,727, as compared to the prior year due to changes in the District's actuarially determined portion of the unfunded pension liability of the Retirement Systems. It converted from an asset in the prior year to a liability in the current year.

Other liabilities decreased by \$860,171 compared to the prior year. This decrease is due to a portion of the BAN Redeemed from Appropriations in the amount of \$913,434 when the new BAN was issued in July of 2022.

Deferred inflows of resources decreased by \$16,102,943, as compared to the prior year as a result of deferred amounts related to the Retirement Systems and Other Postemployment Benefits.

The net position invested in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions and leased assets, 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 net position at June 30, 2023 is \$8,405,085 which represents the amount of the District's restricted funds in the General, Miscellaneous Special Revenue and Debt Service Funds.

The unrestricted deficit at June 30, 2023, is \$63,030,535, which represents the amount by which the District's liabilities, excluding debt related to capital construction, exceeded the District's assets other than capital and right to use assets. This deficit is primarily the result of the requirement to accrue Other Postemployment Benefits. The accrued liability for this obligation is \$67,991,174 at June 30, 2023.

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

(Continued)

**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 STAR and 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, 2023 and 2022 is as follows.

<b>Revenues</b>	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Program Revenues				
Charges for Services	\$ 238,500	\$ 93,223	\$ 145,277	155.8%
Operating Grants	2,045,259	3,036,126	(990,867)	(32.6%)
Capital Grants		41,593	(41,593)	(100.0%)
General Revenues				
Property Taxes and STAR	20,799,216	20,325,582	473,634	2.3%
State and Federal Sources	11,466,167	10,779,063	687,104	6.4%
Other	<u>1,127,120</u>	<u>556,585</u>	<u>570,535</u>	102.5%
Total Revenues	<u>35,676,262</u>	<u>34,832,172</u>	<u>844,090</u>	2.4%
<b>Expenses</b>				
General Support	4,059,155	4,454,955	(395,800)	(8.9%)
Instruction	28,500,511	23,323,222	5,177,289	22.2%
Pupil Transportation	3,241,283	2,711,010	530,273	19.6%
Debt Service-Unallocated Interest	864,343	454,127	410,216	90.3%
Food Service Program	<u>563,332</u>	<u>693,546</u>	<u>(130,214)</u>	(18.8%)
Total Expenses	<u>37,228,624</u>	<u>31,636,860</u>	<u>5,591,764</u>	17.7%
<b>Total Change in Net Position</b>	<u>\$ (1,552,362)</u>	<u>\$ 3,195,312</u>	<u>\$ (4,747,674)</u>	(148.6%)

The District's revenues increased by \$844,090 in 2023 or 2.4%. The major factors that contributed to this increase were as follows:

- Property Taxes and STAR increased by \$473,634 due to tax rate increases.
- State and Federal Sources increased by \$687,104 primarily due to an increase in State Foundation Aid.
- Other Sources increased by \$570,535 primarily due to an increase in interest and earnings due to the rise in interest rates.

The District's expenditures for the year increased by \$5,591,764 or 17.7%, mainly due to an increase in instructional expenses. These expenses increased primarily due to an increase in the allocated OPEB and pension expenses in the current year as compared to the prior year.

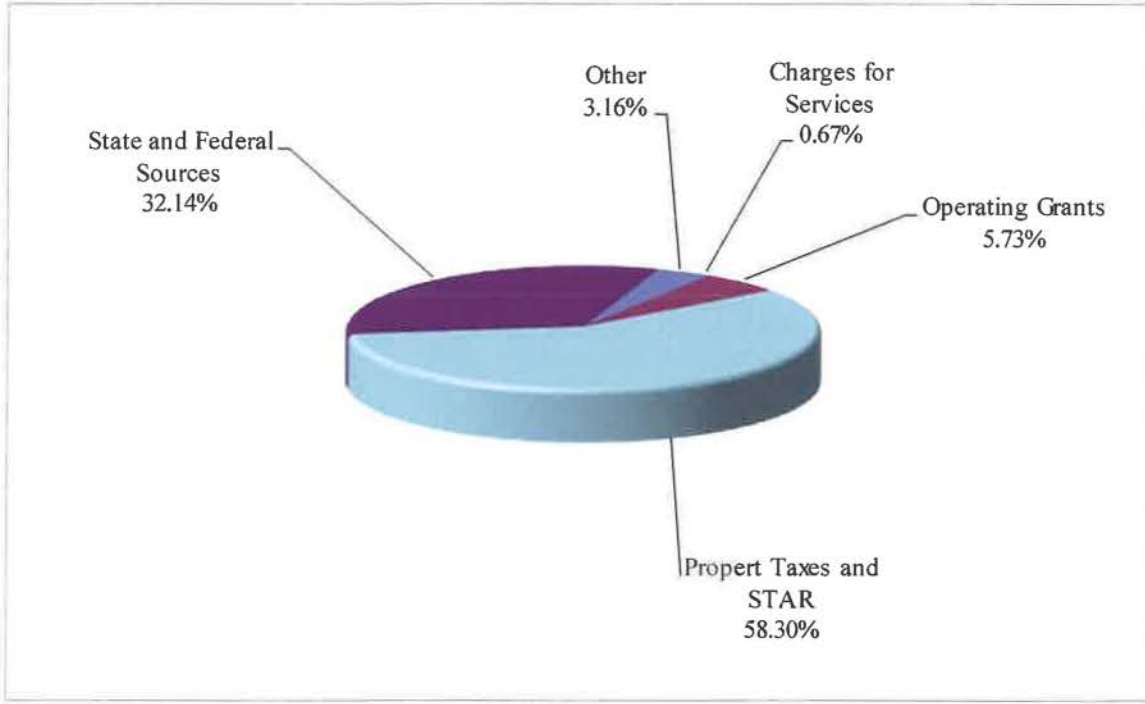


CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023

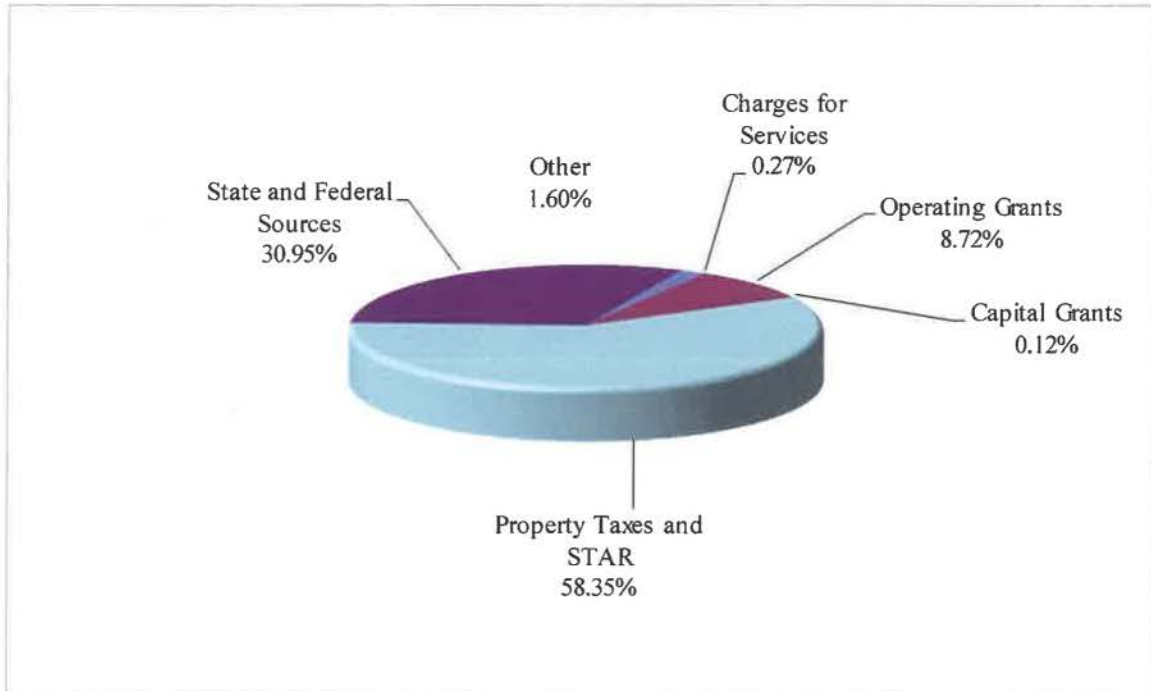
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A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2023



For the Year Ended June 30, 2022



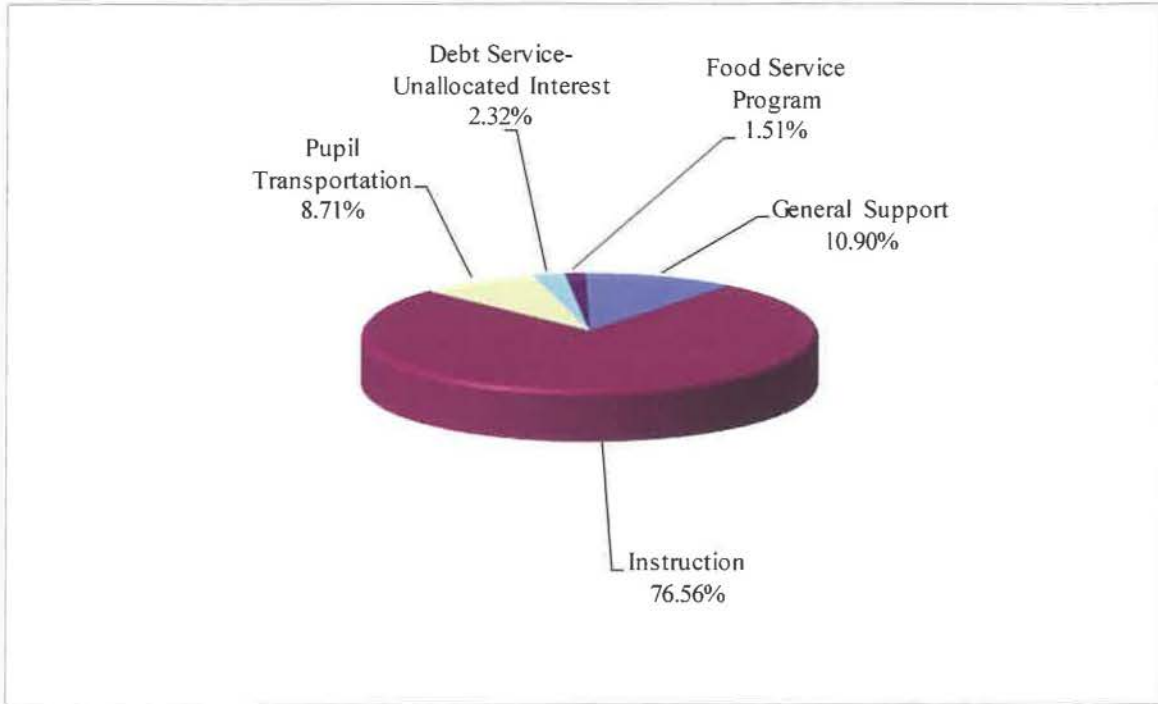
See Independent Auditor's Report.

CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023

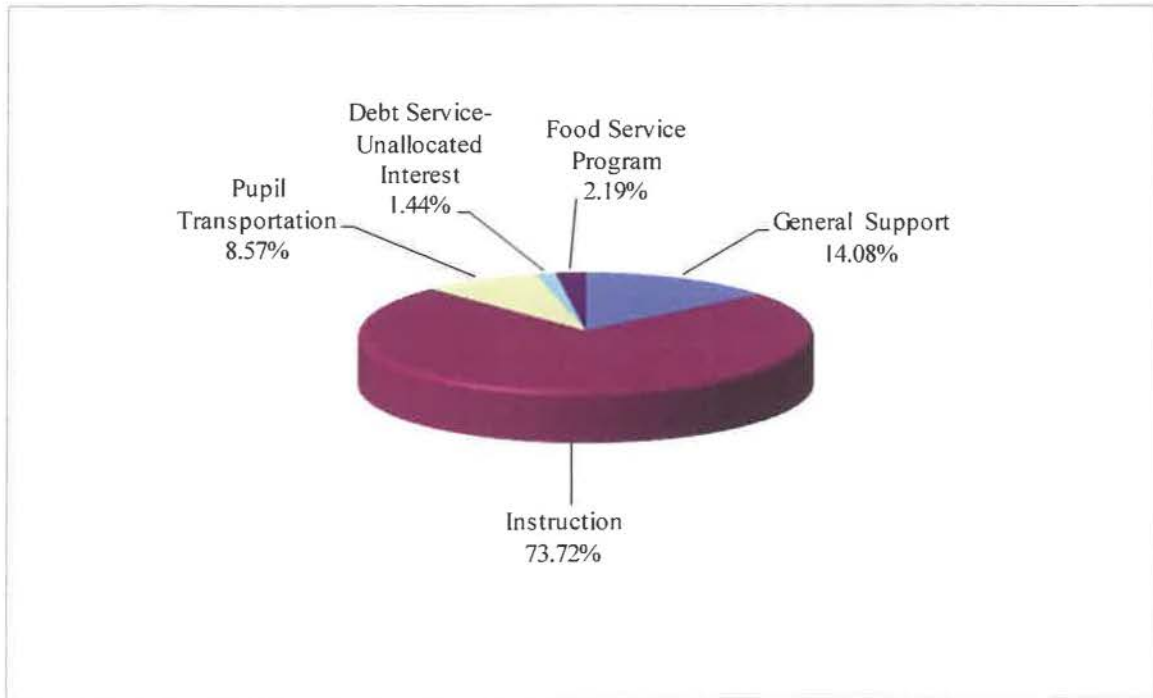
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A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2023



For the Year Ended June 30, 2022



See Independent Auditor's Report.

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

(Continued)

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

At June 30, 2023, the District's governmental funds reported a combined fund balance deficit of \$2,905,232 which is an increase of \$123,641 from the prior year. A summary of the change in fund balance by fund is as follows:

	2023	2022	Difference
<b>General Fund</b>			
<b>Restricted</b>			
Workers' Compensation	\$ 500,000	\$ 500,000	\$
Unemployment Insurance	200,000	200,000	
Retirement Contribution System	1,899,777	1,899,779	(2)
Employee Benefit Accrued Liability	788,393	795,724	(7,331)
Insurance	1,500,000	1,500,000	
Capital Reserve	3,109,124	3,513,700	(404,576)
Total Restricted	7,997,294	8,409,203	(411,909)
<b>Assigned</b>			
Appropriated for Subsequent Year's Budget	1,100,000	1,740,944	(640,944)
General Support	144,220	115,202	29,018
Instruction	252,250	96,652	155,598
Pupil Transportation	1,588	2,679	(1,091)
Total Assigned	1,498,058	1,955,477	(457,419)
<b>Unassigned</b>	1,461,183	1,374,879	86,304
<b>Total General Fund</b>	10,956,535	11,739,559	(783,024)
<b>School Lunch Fund</b>			
Nonspendable	10,150	5,826	4,324
Assigned	354,885	287,661	67,224
<b>Total School Lunch Fund</b>	365,035	293,487	71,548
<b>Miscellaneous Special Revenue</b>			
Restricted	100,895	67,074	33,821
<b>Debt Service Fund</b>			
Restricted	306,896	275,363	31,533
<b>Capital Fund</b>			
Unassigned (Deficit)	(14,634,593)	(15,404,356)	769,763
<b>Total Fund Balance (Deficit)</b>	\$ (2,905,232)	\$ (3,028,873)	\$ 123,641

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

(Continued)

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2022-2023 Budget**

The District's General Fund adopted budget for the year ended June 30, 2023, was \$34,372,000. This is an increase of \$1,608,000 over the prior years adopted budget.

The budget was funded through a combination of revenues and assigned fund balance. The majority of this funding source was \$20,806,617 in estimated property taxes and STAR and State Aid in the amount of \$11,148,335.

**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	\$ 1,374,879
Revenues and Other Financing Sources (under) Budget	(1,260,865)
Carryover Encumbrances from June 30, 2022	214,533
Expenditures Under Budget	79,783
Decrease in Appropriated Fund Balance for June 30, 2024 Budget	640,944
Net Decrease to Restricted Funds	<u>411,909</u>
Closing, Unassigned Fund Balance	<u>\$ 1,461,183</u>

Opening, Unassigned Fund Balance

The \$1,374,879 shown in the table is the portion of the District's June 30, 2022, fund balance that was retained as unassigned. This was 4.0% of the District's 2022-2023 approved operating budget.

Revenues and Other Financing Sources Under Budget

The 2022-2023 budget for revenues and other financing sources was \$34,586,208. The actual revenues and other financing sources received for the year were \$33,325,343. The actual revenues and other financing sources were under estimated budgeted amounts by \$1,260,865. This variance contributes directly to the change to the unassigned portion of the General Fund balance from June 30, 2022 to June 30, 2023.

Expenditures Under Budget

The 2022-2023 budget for expenditures and other financing uses was \$34,586,208. The actual expenditures and other financing uses were \$34,108,367. The final budget was under expended by \$79,783. This under expenditure offset by the June 30, 2023 encumbrances of \$398,058 contributes to the change to the unassigned portion of the General Fund balance from June 30, 2022 to June 30, 2023.

Net Decrease to Restricted Funds

Combined decreases of \$411,909 to the General Fund restricted fund balances during the year ended June 30, 2023 represents Board approved use of reserves.



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

(Continued)

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2023-2024 fiscal year with an unassigned fund balance of \$1,461,183. This was 4.00% of the District's 2023-2024 approved operating budget. This is an increase of \$86,304 from the unassigned fund balance of the prior year as of June 30, 2022.

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

**A. Capital and Right to Use Leased Assets**

At June 30, 2023, the District had invested in a broad range of capital assets, including land, construction in progress, buildings and improvements, and equipment. The net decrease in capital assets is due to depreciation and amortization expense exceeding capital additions for the year ended June 30, 2023. A summary of the District's capital assets, net of accumulated depreciation and amortization at June 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>	Increase (Decrease)
Land	\$ 279,000	\$ 279,000	\$
Construction in Progress	1,017,806	16,138,500	(15,120,694)
Buildings	27,417,487	13,297,341	14,120,146
Right to Use Leased Assets	334,682	297,117	37,565
Furniture, Equipment, and Vehicles	1,154,310	586,313	567,997
Capital and Right to Use Assets, Net	<u>\$ 30,203,285</u>	<u>\$ 30,598,271</u>	<u>\$ (394,986)</u>

**B. Debt Administration**

At June 30, 2023, the District had total bonds payable of \$7,547,883. A summary of the outstanding debt at June 30, 2023 and 2022, is as follows:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>2023</u>	<u>2022</u>	Increase (Decrease)
3/26/2013	2.00%	\$ 230,000	\$ 455,000	\$ (225,000)
1/27/2016	2.00%-5.00%	2,475,000	3,570,000	(1,095,000)
6/8/2017	3.00%-5.00%	3,850,000	4,235,000	(385,000)
12/15/2017	.50%-2.72%		95,000	(95,000)
12/17/2018	2.88%-3.00%	90,000	175,000	(85,000)
12/17/2019	1.00%-2.30%	125,000	185,000	(60,000)
12/30/2020	1.13%-1.25%	190,000	250,000	(60,000)
1/13/2022	.50%-1.54%	240,000	296,174	(56,174)
12/20/2022	3.5%-5.0%	347,883		347,883
		<u>\$ 7,547,883</u>	<u>\$ 9,261,174</u>	<u>\$ (1,713,291)</u>



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

**(Continued)**

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

At the end of 2022-23 we were able to replenish the majority of our appropriated fund balance. The use of Federal Pandemic Relief Funds prevented us from using a great deal more. In an effort to reverse our recent trend, we made a conscience effort to reduce the appropriation of fund balance and reserves. The result was an increased tax burden to preserve all opportunities for our students.

For 2023-24, our *allowable levy increase* under the New York State Tax Cap formula was 2.48%. We put a budget before the voters asking their approval to exceed the Tax Cap at 6.99% and were successful.

Our Foundation Aid saw a 11.85% increase for 2023-24 as a result of the State's promise to fully fund the formula. An increase in student need combined with inflation lead to an atypical increase for our district. This increase helped dramatically to offset our increasing operating costs.

We do not yet know officially what the 2024-25 Tax Cap holds for us but it does look like it will be at the top end limit of 2.0%. The CPI-U is currently 5.06% and seems unlikely to drop below 2% between now and December. Though it should be a solid year for the Tax Levy Calculation, we are feeling the pain of increased cost of operations as all businesses are. The cap of 2% allowable increase to the levy factor likely will not be enough to cover expenses.

The 2024-25 budget development process will likely prove challenging as Federal Pandemic Relief funds run out, and expenses continue to rise. The anticipated small increases to State aid coupled with the Levy Limit set by the Tax Cap formula will likely not be enough to sustain programming. Challenging decisions likely lie ahead.

**8. 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 us at the following address:

**Cazenovia Central School District  
Business Office  
31 Emory Ave.  
Cazenovia, New York 13035-1098**

**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 3,916,085
Restricted Cash and Cash Equivalents	8,999,847
Receivables	
Other Governments	1,476,558
Other Receivables	76,489
Inventory	10,150
Right to Use Leased Assets (Net of Accumulated Amortization)	334,682
Capital Assets (Net of Accumulated Depreciation)	<u>29,868,603</u>
Total Assets	<u>44,682,414</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflow - OPEB	11,474,476
Deferred Outflow - Pensions	7,969,071
Deferred Charge on Refunding of Debt (Net of Amortization)	<u>105,535</u>
Total Deferred Outflows of Resources	<u>19,549,082</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 64,231,496</u></b>
<b>Liabilities</b>	
Accounts Payable	\$ 322,855
Accrued Liabilities	252,885
Retainage Percentages Payable	4,785
Due To	
Other Governments	399
Teachers' Retirement System	1,301,345
Employees' Retirement System	99,766
Bond Interest and Matured Bonds	371,873
Short-Term Notes Payables	
Bond Anticipation Note	15,070,514
Unearned Revenue	27,966
Net Pension Liability - Proportionate Share	3,279,727
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	2,082,883
Lease Liability	48,688
Premium on Bonds	137,977
Due in More Than One Year	
Bonds Payable	5,465,000
Premium on Bonds	570,654
Lease Liability	43,174
Other Postemployment Benefits	67,991,174
Judgments and Claims Payable	59,550
Compensated Absences	<u>878,005</u>
Total Liabilities	<u>98,009,220</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflow - OPEB	12,662,444
Deferred Inflow - Pensions	<u>698,023</u>
Total Deferred Inflows of Resources	<u>13,360,467</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b><u>111,369,687</u></b>
<b>Net Position</b>	
Net Investment in Capital Assets	7,487,259
Restricted	8,405,085
Unrestricted (Deficit)	<u>(63,030,535)</u>
Total Net Position (Deficit)	<u>(47,138,191)</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b><u>\$ 64,231,496</u></b>

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

**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
General Support	\$ 4,059,155	\$	\$	\$ (4,059,155)
Instruction	28,500,511	28,375	1,699,618	(26,772,518)
Pupil Transportation	3,241,283			(3,241,283)
Debt Service - Unallocated Interest	864,343			(864,343)
Food Service	563,332	210,125	345,641	(7,566)
Total Functions/Programs	<u>\$ 37,228,624</u>	<u>\$ 238,500</u>	<u>\$ 2,045,259</u>	<u>(34,944,865)</u>
<b>General Revenues</b>				
Real Property Taxes				19,284,802
STAR and Other Real Property Tax Items				1,514,414
Use of Money and Property				455,560
Sale of Property and Compensation for a Loss				(25,239)
State and Federal Sources				11,466,167
Miscellaneous				696,799
Total General Revenues				<u>33,392,503</u>
<b>Change in Net Position</b>				(1,552,362)
<b>Net Position (Deficit), Beginning of Year</b>				<u>(45,585,829)</u>
<b>Net Position (Deficit), End of Year</b>				<u>\$ (47,138,191)</u>

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

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2023**

	Miscellaneous						Total
	General	School Lunch	Special Aid	Special Revenue	Debt Service	Capital	
<b>Assets</b>							
Cash and Cash Equivalents	\$ 3,594,408	\$ 321,677	\$	\$	\$	\$	\$ 3,916,085
Restricted Cash and Cash Equivalents	7,997,294			100,895	304,329	597,329	8,999,847
Receivables							
Due from Other Governments	723,771	51,442	659,752			41,593	1,476,558
Due from Other Funds	646,588	21,146	114,750		2,567		785,051
Other Receivables	76,489						76,489
Inventory		10,150					10,150
<b>Total Assets</b>	<b>\$ 13,038,550</b>	<b>\$ 404,415</b>	<b>\$ 774,502</b>	<b>\$ 100,895</b>	<b>\$ 306,896</b>	<b>\$ 638,922</b>	<b>\$ 15,264,180</b>
<b>Liabilities</b>							
Accounts Payable	\$ 243	\$	\$ 126,963	\$	\$	\$ 195,649	\$ 322,855
Accrued Liabilities	172,892	11,015					183,907
Retainage Percentages Payable						4,785	4,785
Due To							
Other Governments		399					399
Other Funds	135,896		646,588			2,567	785,051
Teachers' Retirement System	1,301,345						1,301,345
Employees' Retirement System	99,766						99,766
Accrued Interest Payable	371,873						371,873
Bond Anticipation Note						15,070,514	15,070,514
Unearned Revenue		27,966					27,966
<b>Total Liabilities</b>	<b>2,082,015</b>	<b>39,380</b>	<b>773,551</b>			<b>15,273,515</b>	<b>18,168,461</b>
<b>Deferred Inflows of Resources</b>							
Deferred Revenue - State Aid			951				951
<b>Fund Balance</b>							
Nonspendable		10,150					10,150
Restricted	7,997,294			100,895	306,896		8,405,085
Assigned	1,498,058	354,885					1,852,943
Unassigned (Deficit)	1,461,183					(14,634,593)	(13,173,410)
<b>Total Fund Balance (Deficit)</b>	<b>10,956,535</b>	<b>365,035</b>		<b>100,895</b>	<b>306,896</b>	<b>(14,634,593)</b>	<b>(2,905,232)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 13,038,550</b>	<b>\$ 404,415</b>	<b>\$ 774,502</b>	<b>\$ 100,895</b>	<b>\$ 306,896</b>	<b>\$ 638,922</b>	<b>\$ 15,264,180</b>



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCES TO THE STATEMENT OF NET POSITION  
June 30, 2023**

Total Governmental Fund Balances \$ (2,905,232)

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

Revenues that do not provide current financial resources are recognized in the Statement of Net Position but not the fund financial statements.

State Aid and Grant Revenue 951

The cost of building, acquiring, and leasing capital and right to use assets (land, buildings, and 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 and right to use 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 Assets	594,778
Accumulated Amortization	(260,096)
Original Cost of Capital Assets	72,518,458
Accumulated Depreciation	<u>(42,649,855)</u>
	<u>30,203,285</u>

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

Deferred Outflows - Pensions	7,969,071
Net Pension Liability - Proportionate Share	(3,279,727)
Deferred Inflows - Pensions	<u>(698,023)</u>
	<u>3,991,321</u>

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	(7,547,883)
Lease Liability	(91,862)
Original Issue Premium on Debt	(708,631)
Unamortized Deferred Charge on Refunding	105,535
Accrued Interest on Bonds Payable	(68,978)
Judgments and Claims Payable	(59,550)
Other Postemployment Liabilities	(67,991,174)
Deferred Outflows - OPEB	11,474,476
Deferred Inflows - OPEB	(12,662,444)
Compensated Absences Payable	<u>(878,005)</u>
	<u>(78,428,516)</u>

Total Net Position (Deficit) \$ (47,138,191)

**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
<b>Revenues</b>							
Real Property Taxes	\$ 19,284,802						\$ 19,284,802
STAR and Other Real Property Tax Items	1,514,414						1,514,414
Charges for Services	28,375						28,375
Use of Money and Property	419,777	297			35,486		455,560
Premium on Short-Term Obligation					207,826		207,826
Sale of Property and Compensation for Loss	2,295						2,295
Miscellaneous	386,547	1,023	1	101,401		1	488,973
State Aid	11,342,433	7,389	86,124				11,435,946
Federal Aid	134,921	338,252	1,613,494				2,086,667
School Lunch Sales		210,125					210,125
<b>Total Revenues</b>	<u>33,113,564</u>	<u>557,086</u>	<u>1,699,619</u>	<u>101,401</u>	<u>243,312</u>	<u>1</u>	<u>35,714,983</u>
<b>Expenditures</b>							
General Support	3,378,199			67,580		204,558	3,650,337
Instruction	14,602,755		1,749,107			1,019,239	17,371,101
Pupil Transportation	1,556,846		33,656			347,883	1,938,385
Food Service Program		485,538					485,538
Employee Benefits	9,408,690						9,408,690
Debt Service - Principal	2,108,425						2,108,425
Debt Service - Interest	976,749						976,749
<b>Total Expenditures</b>	<u>32,031,664</u>	<u>485,538</u>	<u>1,782,763</u>	<u>67,580</u>		<u>1,571,680</u>	<u>35,939,225</u>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<u>1,081,900</u>	<u>71,548</u>	<u>(83,144)</u>	<u>33,821</u>	<u>243,312</u>	<u>(1,571,679)</u>	<u>(224,242)</u>
<b>Other Financing Sources (Uses)</b>							
Proceeds of Debt and Leases						347,883	347,883
BANs Redeemed from Appropriations	(913,434)					913,434	
Transfers from Other Funds	211,779		83,144			1,080,125	1,375,048
Transfers to Other Funds	(1,163,269)				(211,779)		(1,375,048)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,864,924)</u>		<u>83,144</u>		<u>(211,779)</u>	<u>2,341,442</u>	<u>347,883</u>
<b>Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>(783,024)</u>	<u>71,548</u>		<u>33,821</u>	<u>31,533</u>	<u>769,763</u>	<u>123,641</u>
<b>Fund Balances (Deficit), Beginning of Year</b>	<u>11,739,559</u>	<u>293,487</u>		<u>67,074</u>	<u>275,363</u>	<u>(15,404,356)</u>	<u>(3,028,873)</u>
<b>Fund Balances (Deficit), End of Year</b>	<u>\$ 10,956,535</u>	<u>\$ 365,035</u>	<u>\$</u>	<u>\$ 100,895</u>	<u>\$ 306,896</u>	<u>\$ (14,634,593)</u>	<u>\$ (2,905,232)</u>

**CAZENOVIA 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, 2023**

Net Changes in Fund Balance - Total Governmental Funds	\$	123,641
<p>Capital Outlays to purchase, build, or lease capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation or amortization expense in the statement of activities. This is the amount by which depreciation and amortization expense exceeded capital outlays in the period.</p>		
	Depreciation and Amortization Expense	(2,324,715)
	Loss on Disposal	(27,534)
	Capital Outlays	<u>1,957,263</u>
		(394,986)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of bond and lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
	Amortized Premiums	144,407
	Amortized Deferred Charges on Refunding	(48,399)
	Proceeds from Serial Bonds	(347,883)
	Repayment of Bond and Lease Principal	<u>2,108,425</u>
		1,856,550
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		(11,187)
<p>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.</p>		
	Change in Accrued Interest on Serial Bonds	16,403
	Change in Judgments and Claims Payable	(16,804)
	Change in Compensated Absences	27,446
	Change in Other Post Employment Benefits	<u>(2,372,231)</u>
		(2,345,186)
<p>(Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.</p>		
	Teachers' Retirement System	(362,003)
	Employees' Retirement System	<u>(419,191)</u>
		(781,194)
Change in Net Position Governmental Activities	\$	<u>(1,552,362)</u>

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

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2023**

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	Custodial Fund
<b>Assets</b>	
Cash and Cash Equivalents - Restricted	<u>\$ 187,650</u>
<b>Net Position</b>	
Restricted for Extraclassroom Activities	<u>\$ 187,650</u>

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



**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended June 30, 2023**

	Custodial Fund
<b>Additions</b>	
Property Tax Collected for Library	\$ 652,324
Extraclassroom Activities - Receipts	163,103
Total Additions	815,427
<b>Deductions</b>	
Property Tax Paid to Library	652,324
Extraclassroom Activities - Disbursements	185,776
Total Deductions	838,100
<b>Change in Net Position</b>	(22,673)
<b>Net Position, Beginning of Year</b>	210,323
<b>Net Position, End of Year</b>	\$ 187,650

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

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Cazenovia 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.

Certain 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 7 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.

***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 office.

***Joint Venture***

The School District is a component district in Onondaga-Cortland-Madison Board of Cooperative Education Services (BOCES). A 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 §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 §1950 of the New York State Education Law. All BOCES' property is held by the BOCES' Board as a corporation [§1950(6)]. In addition, BOCES' Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §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, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2023, the District was billed \$2,452,174 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$694,541. Financial statements for the BOCES are available from the Onondaga, Cortland, and Madison BOCES' administrative office at PO Box 4754, Syracuse, New York 13221.

During the year ended June 30, 2020, the BOCES issued \$11,615,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). Also, during 2015, the BOCES issued \$5,890,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a lease payment included in the administrative budget of the BOCES over the term of the bonds. During 2023, principal payments of \$540,000 were made and the outstanding balance at June 30, 2023 was \$15,940,000.



**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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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, principally employee benefits and depreciation expense for the year, are allocated to functional areas in proportion to the payroll expended and total expenditures, respectively, 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 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 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 expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

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

**(c) *Fiduciary Funds***

Fiduciary funds are 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. Assets are held by the School District as agent for various student groups or extraclassroom activity funds.

**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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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, State Aid, 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 90 days 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 benefits 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.

***Property Taxes***

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period September 1 to mid-November. Uncollected real property taxes are subsequently enforced by the counties of Madison and Onondaga. An amount, representing uncollected real property taxes transmitted to the counties for enforcement, is paid by the counties to the School District no later than the forthcoming April 1.

***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.

***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.

***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.

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 during the year ended June 30, 2023, is shown in Note 11 to the financial statements.



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

***Capital Assets***

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The School District uses capitalization thresholds of \$1,000 (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	Lives	Depreciation Method
Improvements other than Buildings	20 Years	Straight Line
Furniture, Equipment, and Vehicles	4-20 Years	Straight Line
Buildings	20-30 Years	Straight Line

***Right to Use Leased Assets***

The School District has recorded right to use lease assets as a result of implementing GASB 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 3-4 years.

***Inventory***

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.

***Deferred Outflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. 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 proportionate share of total contributions not included in pension expense. The third item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of 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.

***Short-Term Debt***

The 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 funds 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.



**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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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.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

***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, compensated absences, other postemployment benefit obligations, potential contingent liabilities, and useful lives of long-lived assets.

***Vested Employee Benefits – Compensated Absences***

Compensated absences consist of unpaid accumulated sick leave, vacation, and sabbatical time.

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

***Other Benefits***

Eligible 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 (see Note 9).

***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 qualify for reporting in this category. This first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability or asset 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.



**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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***Unearned and Deferred Inflow of Financial Resources***

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.

Many deferred or unearned revenues recorded in governmental funds are not recorded in the District-wide statements.

***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 Net Position when constraints placed on the assets 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 all other Net Position that do 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 Position 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***

The Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve is 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. The reserve is accounted for in the General Fund.

- ***Reserve for Unemployment Insurance***

The Unemployment Insurance Reserve (GML §6-m) is 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 is 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.

**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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- ***Reserve for Retirement Contribution System***

The Retirement Contribution Reserve (GML-6r) is used to reserve funds for the payment of retirement contributions to 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 the New York State Teachers' Retirement System. During a fiscal year, the 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. The Board passed a resolution in October 2019 to establish the Retirement Contribution sub-fund for TRS contributions.

- ***Reserve for Employee Benefit Accrued Liability***

The Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve is 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. The reserve is accounted for in the General Fund.

- ***Reserve for Insurance***

The Reserve for Insurance (GML §6-n) is used to pay liability, casualty, and other types of uninsured 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. The reserve is funded by budgetary appropriations or funds from other reserves subject to permissive referendum. May not be used for any purpose for which a special reserve may be established pursuant to law e.g., Unemployment Compensation Insurance. There is no limit on the amount that may be accumulated in the reserve balance; however, the annual contributions to this reserve may not exceed the greater of \$33,000 or 5 percent of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

- ***Reserve for Capital Projects***

The Reserve for Capital Projects (ED §3651) is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. Total expenditures over the life of each capital reserve may not exceed the voter approved maximum. Funds may be transferred to other reserves only with voter approval. The reserve is accounted for in the General Fund. The current capital reserve was established with voter approval in December 2018 at an amount not to exceed \$5,000,000.

- ***Capital Projects Fund Reserve***

This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

- ***Miscellaneous Special Revenue Fund***

This fund is used to account for various endowment and scholarship awards.

- ***Debt Service Fund***

This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds. This reserve is accounted for in the Debt Service Fund.



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

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***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, 2023.
- ***Assigned*** – Includes amounts that are constrained by the school 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 has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as Assigned Fund Balance in the applicable fund. 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 Position 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.

**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 differ 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.

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

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**(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 Equity based on the requirements of New York State. These costs have been allocated based on total salary for each function.

**(e) Pension Differences**

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

**(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 AND COMPLIANCE**

***Fund Balance Limitations***

New York State 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. Nonspendable 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, 2023, the School District's unassigned fund balance was 4.00% of the 2023-2024 budget.

At June 30, 2023, the District was in compliance with the statutory debt limit.

***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 2022-2023 school year was in compliance with the NYS Tax Cap Limit.

***Budgetary Procedures and Budgetary Accounting***

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

Appropriations are adopted at the program line item level.



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

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. 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.

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. The budget and actual comparison for the Special Revenue Funds (if any) reflects budgeted and actual amounts only for funds with legally authorized (appropriated) budgets.

Budgets are established and used for individual capital project fund 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 to subsequent fiscal years until the completion of the projects.

Adopted Budget	\$ 34,372,000
Add: Prior Year's Encumbrances	<u>214,208</u>
Original Budget	<u>34,586,208</u>
Final Budget	<u><u>\$ 34,586,208</u></u>

***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.

**4. CASH AND CASH EQUIVALENTS**

***Custodial 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. The School District's policy for custodial credit risk and 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, 2023, the School District had bank balances of \$13,908,882 of which \$750,000 was fully insured by the FDIC and \$13,158,882 was exposed to credit risk but fully collateralized by securities held by an agent of the pledging financial institution in the School District's name.

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

**Restricted Cash and Cash Equivalents**

As of June 30, 2023, the School District's restricted cash and cash equivalents consisted of the following:

	General	Miscellaneous Special Revenue	Debt Service	Capital	Total
<b>Restricted Cash</b>					
Workers' Compensation	\$ 500,000	\$	\$	\$	\$ 500,000
Unemployment Insurance	200,000				200,000
Retirement Contribution System	1,899,777				1,899,777
Employee Benefit Accrued Liability	788,393				788,393
Insurance	1,500,000				1,500,000
Capital	3,109,124				3,109,124
Scholarships and Donations		100,895			100,895
Capital Project				597,329	597,329
Debt Service			304,329		304,329
<b>Total Restricted</b>	<u>\$ 7,997,294</u>	<u>\$ 100,895</u>	<u>\$ 304,329</u>	<u>\$ 597,329</u>	<u>\$ 8,999,847</u>

Restricted cash and cash equivalents of \$304,329 in the Debt Service Fund represents funds restricted for debt service of outstanding deficit financing bonds.

Restricted cash and cash equivalents of \$100,895 in the Miscellaneous Special Revenue Fund represents various scholarships and awards.

Restricted cash and cash equivalents of \$597,329 in the Capital Fund is for funding of district wide capital projects.

Restricted cash and cash equivalents of \$187,650 in the Custodial Fund represents funds held for the District's Extraclassroom Activity Funds.

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

Capital asset activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 279,000	\$	\$	\$ 279,000
Construction in Progress	16,138,501	1,026,977	16,147,671	1,017,807
Total	<u>16,417,501</u>	<u>1,026,977</u>	<u>16,147,671</u>	<u>1,296,807</u>
<b>Capital Assets Being Depreciated</b>				
Buildings	47,251,482	16,147,671		63,399,153
Improvements Other than Buildings	285,000			285,000
Furniture, Equipment and Vehicles	7,105,216	760,780	328,498	7,537,498
Total	<u>54,641,698</u>	<u>16,908,451</u>	<u>328,498</u>	<u>71,221,651</u>
<b>Accumulated Depreciation</b>				
Buildings	33,954,141	1,652,493		35,606,634
Improvements Other than Buildings	285,000			285,000
Furniture, Equipment and Vehicles	6,518,905	540,280	300,964	6,758,221
Total	<u>40,758,046</u>	<u>2,192,773</u>	<u>300,964</u>	<u>42,649,855</u>
<b>Net Capital Assets Being Depreciated</b>	<u>13,883,652</u>	<u>14,715,678</u>	<u>27,534</u>	<u>28,571,796</u>
<b>Net Capital Assets</b>	<u>\$ 30,301,153</u>	<u>\$ 15,742,655</u>	<u>\$ 16,175,205</u>	<u>\$ 29,868,603</u>

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Depreciation expense was charged to the functions as follows:

<u>Function/Program</u>	
General Support	\$ 220,936
Instruction	1,194,032
Pupil Transportation	693,008
School Lunch	<u>84,797</u>
Total Depreciation	<u>\$ 2,192,773</u>

Right to use leased asset activity for the year ended June 30, 2023, is as follows:

	<u>Beginnning</u>		<u>Ending</u>	
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
<b>Right to Use Leased Assets</b>				
Leased Equipment	\$ 699,165	\$ 169,506	\$ 273,893	\$ 594,778
<b>Accumulated Amortization</b>				
Leased Equipment	<u>402,048</u>	<u>131,941</u>	<u>(273,893)</u>	<u>260,096</u>
<b>Net Right To Use Assets</b>	<u>\$ 297,117</u>	<u>\$ 37,565</u>	<u>\$</u>	<u>\$ 334,682</u>

Amortization expense of \$131,941 is charged solely to instruction.

**6. SHORT-TERM DEBT**

The District had outstanding BANs at June 30, 2023, as follows:

<u>Payable From/ Description</u>	<u>Date of Original Issue</u>	<u>Date of Original Amount</u>	<u>Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
General Fund					
2023 BAN Capital Projects	7/14/2022	\$ 15,070,514	7/15/2023	4.00%	<u>\$ 15,070,514</u>

Changes in the School District's short-term outstanding debt for the year ended June 30, 2023, is as follows:

<u>Description</u>	<u>Outstanding Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Redeemed from Appropriations</u>	<u>Outstanding Ending Balance</u>
2022 BAN Capital Projects	\$ 15,983,948		\$ 15,070,514	913,434	\$
2023 BAN Capital Projects		<u>15,070,514</u>			<u>15,070,514</u>
Total Governmental Activities	<u>\$ 15,983,948</u>	<u>\$ 15,070,514</u>	<u>\$ 15,070,514</u>	<u>\$ 913,434</u>	<u>\$ 15,070,514</u>

Interest expense on the BANs was \$593,506.

**7. NONCURRENT LIABILITIES**

***Serial Bonds***

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These are long-term liabilities, which are full faith and credit debt of the local government. In the event of a default in the payment of the principal and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.



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Noncurrent liability balances and activity are as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	\$ 9,261,174	\$ 347,883	\$ (2,061,174)	\$ 7,547,883	\$ 2,082,883
Bond Premiums, Net of Amortization	853,034		(144,403)	708,631	137,977
Total Bonds Payable	10,114,208	347,883	(2,205,577)	8,256,514	2,220,860
Lease Liability	139,113		(47,251)	91,862	48,688
OPEB Liability	63,198,323	8,688,112	(3,895,261)	67,991,174	
Judgments and Claims Payable	42,746	16,804		59,550	
Compensated Absences	905,451		(27,446)	878,005	
Total Governmental Activities	<u>\$ 74,399,841</u>	<u>\$ 9,052,799</u>	<u>\$ (6,175,535)</u>	<u>\$ 77,277,105</u>	<u>\$ 2,269,548</u>

Total interest for the year was as follows:

Interest Paid on Long Term Debt	\$ 383,244
Interest on BANs	593,506
Amortization of Deferred Charges on Advanced Refundings	48,399
Amortization of Premiums on Serial Bonds and Refundings	(144,403)
Less: Interest Accrued in the Prior Year	(85,381)
Plus: Interest Accrued in the Current Year	<u>68,978</u>
Total Interest Expense on Long-Term Debt	<u>\$ 864,343</u>

**Long-Term Debt Maturity Schedule**

The following is a statement of serial bonds with corresponding maturity schedules:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Advanced Refunding 2009/2010 Bonds	01/27/16	\$ 7,740,000	01/27/26	2.00-5.00	\$ 2,475,000
Advanced Refunding 2004 Bonds	03/26/13	\$ 2,290,000	06/15/24	2.00	230,000
2014 Capital Project	06/08/17	\$ 5,640,000	06/15/32	3.00-5.00	3,850,000
Bus Acquisitions	12/17/18	\$ 421,223	12/15/24	2.88-3.00	90,000
Bus Acquisitions	12/17/19	\$ 298,657	12/15/25	1.00-2.30	125,000
Bus Acquisitions	12/30/20	\$ 304,738	12/15/26	1.13-1.25	190,000
Bus Acquisitions	01/13/22	\$ 296,174	12/15/27	.5-1.54	240,000
Bus Acquisitions	12/20/22	\$ 347,883	12/20/28	3.5-5.0	347,883
					<u>\$ 7,547,883</u>

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Total principal and interest payments due on serial bonds debt is as follows:

For the Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,082,883	\$ 345,631	\$ 2,428,514
2025	1,715,000	254,757	1,969,757
2026	945,000	177,055	1,122,055
2027	600,000	135,481	735,481
2028-2032	<u>2,205,000</u>	<u>278,000</u>	<u>2,483,000</u>
Total	<u>\$ 7,547,883</u>	<u>\$ 1,190,924</u>	<u>\$ 8,738,807</u>

***Unamortized Premium***

The issue premium on the 2013 advance refunding 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 11 years, the remaining time to maturity of the respective bond issue and was fully amortized as of June 30, 2023. The current year amortization is \$6,430 and is included as a reduction to interest expense on the statement of activities.

Deferred Premium from Refunding of Debt	\$ 70,730
Less: Accumulated Amortization	<u>70,730</u>
Net Unamortized Premium	<u>\$</u>

The premium of \$820,240 on the 2016 advance refunding 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 10 years, the remaining time to maturity of the bonds. The current year amortization is \$82,024 and is included as a reduction to interest expense on the statement of activities.

Deferred Premium from Refunding of Debt	\$ 820,240
Less: Accumulated Amortization	<u>615,180</u>
Net Unamortized Premium	<u>\$ 205,060</u>

The original issue premium on the 2017 serial bond 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 15 years, the remaining time to maturity of the respective bond issue. The current year amortization is \$55,953.

Deferred Premium from Issuance of Debt	\$ 839,289
Less: Accumulated Amortization	<u>335,718</u>
Net Unamortized Premium	<u>\$ 503,571</u>

***Deferred Outflows of Resources***

The deferred gain on the 2013 advance refunding has been capitalized and recorded as a deferred outflow on the District-wide financial statements. The cost is being amortized using the straight-line method over 11 years, the remaining time to maturity of the bonds and was fully amortized at June 30, 2023. The current year amortization is \$6,184 and is included as an addition to interest expense on the statement of activities.

Deferred Amount from Refunding of Debt	\$ 68,025
Less: Accumulated Amortization	<u>68,025</u>
Net Capitalized Refunding of Debt Costs	<u>\$</u>



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The deferred gain on the advance refunding of a portion of 2009 and 2010 Serial bonds has been capitalized and recorded as a deferred outflow on the District-wide financial statements. The cost is being amortized using the straight-line method over 10 years, the remaining time to maturity of the bonds. The current year amortization is \$42,215 and is included as an addition to interest expense on the statement of activities.

Deferred Amount from Refunding of Debt	\$	422,147	
Less: Accumulated Amortization		<u>316,612</u>	
Net Capitalized Refunding of Debt Costs	\$	<u><u>105,535</u></u>	

***Prior-Year Defeasance of Debt***

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2023, \$2,895,000 of bonds outstanding are considered defeased.

***Statutory Debt Limit***

At June 30, 2023, the School District was in compliance with the statutory debt limit.

***Lease Liability***

The District has entered into agreements with the BOCES and other vendors to lease certain equipment such as copiers, grounds maintenance equipment, and other technology equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements. The agreements were executed on various dates ranging from September 2021 to January 2022 and are for terms of 3 to 4 years. Annual lease payments for these agreements range from \$13,649 to \$20,423. The lease liability is measured at a discount rate of 3% which is stated in the lease agreements. As a result of these leases, the District has a recorded a right to use asset with a net book value of \$88,392 and a lease liability of \$91,862 at June 30, 2023. The District has also made some lump sum payments at the beginning of certain lease agreements and thus there are right to use assets with a net book value of \$246,290 with no corresponding lease liability. Future lease payments are as follows:

For the Year Ending June 30,	Leases		
	Principal	Interest	Total
2024	\$ 48,688	\$ 2,090	\$ 50,778
2025	<u>43,174</u>	<u>644</u>	<u>43,818</u>
Total	<u><u>\$ 91,862</u></u>	<u><u>\$ 2,734</u></u>	<u><u>\$ 94,596</u></u>

**8. 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. 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



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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, 2023, were paid.

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

		Amount	
2021	\$	415,117	
2022	\$	466,586	
2023	\$	381,891	

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

At June 30, 2023, the School District reported a liability of \$2,062,025 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 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 .0096158 percent which represents an increase of .0003586 percent over the District's proportion at June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$793,949. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 219,622	\$ 57,909
Change of Assumptions	1,001,452	11,068
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		12,114
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	186,805	7,769
Contributions Subsequent to the Measurement Date	99,766	
Total	\$ 1,507,645	\$ 88,860

At June 30, 2023, \$99,766 was reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension

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asset in the year ended June 30, 2023. 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,		
2024	\$	334,625
2025	\$	(56,590)
2026	\$	463,176
2027	\$	577,808
2028	\$	0

**(d) Actuarial Assumptions**

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023.

Significant actuarial assumptions used in the April 1, 2022 valuation were as follows:

Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of Living Adjustments	1.50%
Salary scale	4.40%
Decrement Tables	April 1, 2015 - March 31, 2020 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 MP-2021.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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, 2023 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32.00%	4.30%
International Equity	15.00%	6.85%
Private Equity	10.00%	7.50%
Real Estate	9.00%	4.60%
Opportunistic/Absolute Return Strategy	3.00%	5.38%
Credit	4.00%	5.43%
Real Assets	3.00%	5.84%
Fixed Income	23.00%	1.50%
Cash	1.00%	0.00%
	100%	

\* Real rates of return are net of the long-term inflation assumption of 2.50%.



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**(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 Liability to the Discount Rate Assumption**

The following presents the School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9 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 (4.9 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 4,983,030	\$ 2,062,025	\$ (378,814)

**(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 \$99,766 at June 30, 2023. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2023-2024 billing cycle and has been accrued as an expenditure in the current year.

**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. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. 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), or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

**(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

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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	
2021	\$	1,019,741	
2022	\$	1,062,125	
2023	\$	1,166,862	

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

At June 30, 2023, the School District reported a liability of \$1,217,702 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022, the School District's proportion was .063459 percent, which was an increase of .000632 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$1,567,909. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,275,998	\$ 24,401
Changes of Assumptions	2,362,137	490,525
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments	1,573,387	
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	83,042	94,237
Contributions Subsequent to the Measurement Date	1,166,862	
Total	\$ 6,461,426	\$ 609,163

At June 30, 2023, \$1,166,862 was reported as a deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date, and, will be recognized as a reduction of the net pension asset. 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>		
2023	\$	917,578
2024	\$	475,494
2025	\$	(206,944)
2026	\$	3,095,917
2027	\$	388,348
Thereafter	\$	15,008



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**d) Actuarial Assumptions**

The total pension liability at the June 30, 2022 measurement date was determined by using an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension asset to June 30, 2022. The actuarial valuation used the following actuarial assumptions.

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.

They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs 1.3% compounded annually.

Inflation rate 2.4%

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

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

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 measurement date of June 30, 2022 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equities	33.0%	6.5%
International equities	16.0%	7.2%
Global equities	4.0%	6.9%
Real Estate equities	11.0%	6.2%
Private Equities	8.0%	9.9%
Domestic fixed income	16.0%	1.1%
Global bonds	2.0%	0.6%
High-yield bonds	1.0%	3.3%
Private debt	2.0%	5.3%
Real Estate debt	6.0%	2.4%
Cash Equivalents	1.0%	-0.3%
	100%	

\* Real rates of return are net of the long-term inflation assumption of 2.40% for 2022

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 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 liability.

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

The following presents School District's proportionate share of the net pension asset 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% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 11,227,787	\$ 1,217,702	\$ (7,200,713)

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

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

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

The School District has recorded an amount due to TRS in amount of \$1,166,862 (excluding the employee share) in the General Fund at June 30, 2023. This amount represents the contribution for the 2022-2023 fiscal year that will be made in 2023-2024 and has been accrued as an expenditure in the current year.

**9. OTHER POSTEMPLOYMENT BENEFITS**

**(a) Plan Descriptions**

The District provides medical and prescription drug coverage to retirees and their covered dependents. The School District pays a portion of the cost for retirees, disabled retirees, and spouses and dependents. Currently there are about 218 current and 216 former employees participating in the District's OPEB plan. Benefit provisions are established and amended through negotiations between the District and the respective unions. All active employees who retire or are disabled directly from the School District and meet eligibility criteria will participate.

Each Employee Group has their own stipulations for eligibility. They are as follows:

***Superintendent of Schools***

Per an agreement between Board of Education and the Superintendent of Schools, the District pays 80% of the cost of premium for individual and family medical coverage and 90% of individual and family dental coverage.

***Assistant Superintendent of Schools***

Per an agreement between Board of Education and the Assistant Superintendent of Schools, the employee must have at least 10 years of service with the District, and retire from the District not before the age of 55. The District pays 80% of the cost of premium for individual and family medical coverage and 90% of individual and family dental coverage.

***Teaching Employees***

Per an agreement between the Superintendent of Schools and Teaching Employees, the employee must have at least 14 years of service with the District, and retire from the District not before the age of 55. The District pays 85% of the cost of premium for individual and family medical coverage along with a maximum amount to be paid for dental by the retiree of \$405 for individuals and \$609 for family coverage.



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

***Support Staff Employees***

Per an agreement between the Superintendent of Schools and all Support Staff contracts, the employee hired on or before 10/1/1981 must be eligible to retire from the district with at least 10 years of service and not before the age of 55. The District pays 85% of individual coverage and 85% of family coverage premiums. For this group to be eligible for Dental coverage, they must retire from the district with at least 20 years of service. An employee hired between 7/1/1994 and 6/30/2001 must be eligible to retire from the district with at least 12 years of service and not before the age of 55. The District pays 85% of individual coverage and 85% of family coverage for medical and dental premiums. An employee hired between 7/1/2001 and 6/30/2008 must be eligible to retire from the district with at least 13 years of service and not before the age of 55. The District pays 85% of individual coverage and 85% of family coverage for medical and dental premiums. An employee hired after 7/1/2008 must be eligible to retire from the district with at least 16 years of service and not before the age of 55. The District pays 85% of individual coverage and 85% of family coverage for medical and dental premiums.

***Non-Represented Employees***

Per an agreement between the Superintendent of Schools and Non- Represented Employees, the employee must have at least 10 years of service with the District, and retire from the District not before the age of 55. The District pays 85% of the cost of premiums for individual and family medical coverage along with a 90% of the cost of premium for individual and family dental coverage.

***Administrative Supervisor Employee***

Per an agreement between the Superintendent of Schools and an Administrative Supervisor, the employee must have at least 10 years of service with the District, and retire from the District not before the age of 55. The District pays 85% of the cost of premiums for individual and family medical coverage and 100% of the cost of premiums towards dental coverage.

The Plan does not issue a stand-alone publicly available report since no assets are accumulated in a trust that meets all of the criteria in GASB No. 75, paragraph 4.

**(b) *Benefits Provided***

For the District Retired Employee Health Plan (DREHP), contribution requirements of the plan members and the District are established by applicable collective bargaining and employment agreements.

**(c) *Employees Covered by Benefit Terms***

	Total
Active employees	218
Retired employees	216
Beneficiaries	7
Spouses of Retired employees	103
Total	544

**(d) *Total OPEB Liability***

The District's total OPEB liability of \$67,991,174 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

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

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

	Total OPEB
Balances, June 30, 2022	\$ <u>63,198,323</u>
Changes recognized for the year:	
Service cost	1,953,231
Interest on Total OPEB Liability	2,263,199
Effect on plan changes	(34,968)
Effect of demographic gains or losses	4,471,682
Effect of assumptions changes or inputs	(1,400,165)
Benefit payments	<u>(2,460,128)</u>
Net changes	<u>4,792,851</u>
Balances, June 30, 2023	<u>\$ 67,991,174</u>

**(f) Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2023, the 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, 2023
Reporting Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal - Level Percent of Salary Cost Method
Plan Type	Single Employer Defined Benefit Plan
Inflation Rate	2.40%
Medical Trend Rates	6.8% decreasing to an ultimate rate of 3.8% over 50 years
Discount Rate	3.65%

The discount rate assumption changed from 3.54% in the prior year to 3.65% in the current year.

**Discount Rate** – The selected discount rate of 3.65% is based on the prescribed discount interest rate methodology under GASB 75 based on an average of three 20-year bond indices (S&P-20 Municipal Bond Index) as of June 30, 2023.

**Cash Flows** – The cash flows into and out of the Plan are expected to be consistent with the above assumptions and Plan descriptions of participant contributions.

**(g) 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 (2.65 percent) or 1 percentage point higher (4.65 percent) than the current discount rate:

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

	<u>1% Decrease 2.65%</u>	<u>Current Assumption 3.65%</u>	<u>1% Increase 4.65%</u>
Total OPEB liability	\$ 78,893,979	\$ 67,991,174	\$ 59,196,122

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

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 (5.8 declining to 2.8 percent) or 1 percentage point higher (7.8 declining to 4.8 percent) than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 57,951,352	\$ 67,991,174	\$ 80,825,559

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

**(i) OPEB Expense**

Service cost	\$ 1,953,231
Interest on total OPEB liability	2,263,199
Effect of plan changes	(34,968)
Recognition of Deferred Inflows/ Outflows of Resources	
Recognition of demographic gains or losses	806,891
Recognition of assumption changes or inputs	<u>(155,999)</u>
<b>Total OPEB Expense</b>	<b><u>\$ 4,832,354</u></b>

**(j) Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,067,650	\$ 709,902
Changes of assumptions	<u>7,406,826</u>	<u>11,952,542</u>
Total	<b><u>\$ 11,474,476</u></b>	<b><u>\$ 12,662,444</u></b>

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

Year ended June 30:	<u>Amount</u>
2024	\$ 622,332
2025	467,944
2026	(1,300,512)
2027	(1,531,609)
2028	503,528
Thereafter	50,349

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

**10. FUND BALANCE**

(a) The following is a summary of the change in General Fund restricted reserve funds during the year ended June 30, 2023:

	Beginning		Ending	
	Balance	Increases	Decreases	Balance
<b>Restricted</b>				
<b>General Fund</b>				
Workers' Compensation	\$ 500,000	\$	\$	\$ 500,000
Unemployment Insurance	200,000			200,000
Retirement Contribution System	1,899,779		2	1,899,777
Employee Benefit Accrued Liability	795,724		7,331	788,393
Insurance	1,500,000			1,500,000
Capital Reserve	3,513,700	578,231	982,807	3,109,124
<b>Total General Fund Restricted</b>	<b>\$ 8,409,203</b>	<b>\$ 578,231</b>	<b>\$ 990,140</b>	<b>\$ 7,997,294</b>

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2023:

	General	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital	Total
<b>Nonspendable</b>	\$	\$ 10,150	\$	\$	\$	\$ 10,150
<b>Restricted</b>						
Workers' Compensation	500,000					500,000
Unemployment Insurance	200,000					200,000
Retirement Contribution System	1,899,777					1,899,777
Employee Benefit Accrued Liability	788,393					788,393
Insurance	1,500,000					1,500,000
Capital	3,109,124					3,109,124
Scholarships and Donations			100,895			100,895
Debt Service				306,896		306,896
<b>Total Restricted</b>	<b>7,997,294</b>		<b>100,895</b>	<b>306,896</b>		<b>8,405,085</b>
<b>Assigned</b>						
General Support	144,220					144,220
Instruction	252,250					252,250
Pupil Transportation	1,588					1,588
School Lunch		354,885				354,885
Appropriated for Subsequent Year's Budget	1,100,000					1,100,000
<b>Total Assigned</b>	<b>1,498,058</b>	<b>354,885</b>				<b>1,852,943</b>
<b>Unassigned (Deficit)</b>	<b>1,461,183</b>				<b>(14,634,593)</b>	<b>(13,173,410)</b>
<b>Total Fund Equity (Deficit)</b>	<b>\$ 10,956,535</b>	<b>\$ 365,035</b>	<b>\$ 100,895</b>	<b>\$ 306,896</b>	<b>\$ (14,634,593)</b>	<b>\$ (2,905,232)</b>

**11. INTERFUND TRANSACTIONS**

Fund Type	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 646,588	\$ 135,896	\$ 211,779	\$ 1,163,269
School Lunch	21,146			
Special Aid	114,750	646,588	83,144	
Debt Service	2,567			211,779
Capital Fund		2,567	1,080,125	
Miscellaneous Special Revenue				
<b>Total</b>	<b>\$ 785,051</b>	<b>\$ 785,051</b>	<b>\$ 1,375,048</b>	<b>\$ 1,375,048</b>



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

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- All interfund payables are expected to be repaid within one year.
- Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.
- The School District made a transfer of \$100,000 from the General Fund to the Capital Fund in order to fund the small 22-23 local capital project. Additionally the District transferred \$980,125 from the General Fund to Capital Fund out of the capital reserve in order to fund part of the local share of the 2022 District Wide Project.
- The School District made a transfer of \$83,144 from the General Fund to the Special Aid Fund, as a required local match for federal and state grants.
- The School District made a transfer of \$211,779 from the Debt Service Fund to the General Fund in order to use the BAN premium towards the BAN interest payment.

**12. RISK MANAGEMENT**

***General Information***

The School District is exposed to various risks of loss related to tax certioraris, torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. Except for the tax certiorari, these risks are covered by commercial insurance purchased from independent third parties. There is one settled claim that has been accrued as a liability and included in the line item Judgments and Claims Payable on the financial statements. Sufficient reserves exist to cover any unfavorable settlements of the tax certiorari.

***Health Insurance***

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by CNY Cooperative Health Insurance Trusts, of which the School District is a member. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. School districts joining the Plan must remain members for a minimum of 1 year; a member may withdraw from the Plan effective only once annually on the last day of the Plan year as may be established from time to time by the Board of Directors. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) which have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims' liabilities are charged or credited to expense in the periods in which they are made.

The Consortium is a shared-risk public entity risk pool whereby each entity pays annual premiums based on the aggregate expected claims for all enrollees. During the year ended June 30, 2023, the School District paid health insurance premiums amounting to \$7,147,810 to the Consortium. Paid claims are also accounted for in the aggregate with individual entity activity not being tracked separately. Due to this arrangement, a possible contingent liability exists for Cazenovia Central School District as a result of the possibility that any participating entity may have actual claims less than its annual premiums and try to recover its portion due to it through the Consortium participants.

**13. CONTINGENCIES AND COMMITMENTS**

***Potential Grantor Liability***

The School District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial.

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2023**

***Encumbrances***

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2023, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. The General Fund encumbrances are reflected as part of the assigned fund balance. The other encumbrances are not reflected on the fund financial statements because the assignment would result in a negative unassigned fund balance. Significant encumbrances included in governmental fund balances are as follows:

	Assigned General
Encumbrances	
General Support	\$ 144,220
Instruction	252,250
Pupil Transportation	1,588
Total Encumbrances	\$ 398,058

***Construction Commitments***

Voters and the Board of Education authorized a capital project in 2022 in the amount of \$10,713,319. Through June 30, 2023, the District has cumulative project expenses of \$1,083,617 with the remaining in outstanding construction commitments.

**14. CAPITAL FUND DEFICIT**

At June 30, 2023, the Capital Fund had a deficit fund balance of \$14,634,593. The deficit will be eliminated when the current capital project is financed with long term debt.

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

At June 30, 2023, the total net position of the School District’s governmental activities was a deficit balance of \$47,138,191 and an unrestricted position deficit of \$63,030,535. This deficit is primarily the result of the requirement to accrue the full liability for Other Postemployment Benefits. The accumulated accrued liability for this obligation is \$67,991,174 at June 30, 2023. This liability cannot be legally funded in New York State. Note 9 of these financial statements provides more information.

**16. TAX ABATEMENTS**

The Town of Cazenovia enters into various property tax abatement programs for the purpose of economic development. For the year ended June 30, 2023, the School District’s property tax revenue was reduced by \$86,138 as a result of these tax abatement agreements. For the year ended June 30, 2023 the School District received payment in lieu of taxes (PILOTs) totaling \$200,855.



**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
<b>Revenues</b>				
Local Sources				
Real Property Taxes	\$ 19,218,893	\$ 19,218,893	\$ 19,284,802	\$ 65,909
Other Real Property Tax Items	1,587,724	1,587,724	1,511,082	(76,642)
Nonproperty Tax Items	2,000	2,000	3,332	1,332
Charges for Services	32,000	32,000	28,375	(3,625)
Use of Money and Property	60,000	60,000	419,777	359,777
Sale of Property and Compensation for Loss			2,295	2,295
Miscellaneous	280,000	280,000	386,547	106,547
State Aid	11,148,335	11,148,335	11,342,433	194,098
Federal Aid	90,000	90,000	134,921	44,921
Total Revenues	<u>32,418,952</u>	<u>32,418,952</u>	<u>33,113,564</u>	<u>694,612</u>
<b>Other Financing Sources</b>				
Transfers from Other Funds	211,779	211,779	211,779	
Appropriated Fund Balance	<u>1,955,477</u>	<u>1,955,477</u>		<u>(1,955,477)</u>
Total Revenues and Other Financing Sources	<u>\$ 34,586,208</u>	<u>\$ 34,586,208</u>	<u>\$ 33,325,343</u>	<u>\$ (1,260,865)</u>
<b>Expenditures</b>				
General Support				
Board of Education	\$ 35,960	\$ 40,944	\$ 40,944	\$ 265
Central Administration	234,285	240,940	240,675	265
Finance	580,074	583,368	582,851	278
Staff	158,759	227,158	169,354	49,310
Central Services	2,520,810	2,461,579	2,016,638	35,082
Special Items	<u>306,404</u>	<u>392,719</u>	<u>327,737</u>	<u>59,550</u>
Total General Support	<u>3,836,292</u>	<u>3,946,708</u>	<u>3,378,199</u>	<u>144,220</u>
Instruction				
Instruction, Administration, and Improvement	1,227,770	1,245,347	1,110,308	14,865
Teaching - Regular School	7,666,199	7,547,480	7,246,218	86,348
Programs for Children With Special Needs	2,608,358	2,537,522	2,497,721	39,801
Occupational Education	721,623	719,017	713,718	5,299
Teaching - Special School	72,961	70,909	67,358	3,551
Instructional Media	1,179,900	1,616,952	1,427,985	148,650
Pupil Services	<u>1,536,972</u>	<u>1,650,225</u>	<u>1,539,447</u>	<u>2,387</u>
Total Instruction	<u>15,013,783</u>	<u>15,387,452</u>	<u>14,602,755</u>	<u>252,250</u>
Pupil Transportation	1,539,694	1,587,494	1,556,846	1,588
Community Services	750	750		750
Employee Benefits	10,476,604	9,590,974	9,408,690	182,284
Debt Service - Principal	2,105,631	2,061,174	2,108,425	(47,251)
Debt Service - Interest	<u>1,010,012</u>	<u>973,222</u>	<u>976,749</u>	<u>(3,527)</u>
Total Expenditures	<u>33,982,766</u>	<u>33,547,774</u>	<u>32,031,664</u>	<u>398,058</u>
<b>Other Financing Uses</b>				
BANs Redeemed from Appropriations	478,442	913,434	913,434	
Transfers to Other Funds	<u>125,000</u>	<u>125,000</u>	<u>1,163,269</u>	<u>(1,038,269)</u>
Total Expenditures and Other Financing Uses	<u>\$ 34,586,208</u>	<u>\$ 34,586,208</u>	<u>\$ 34,108,367</u>	<u>\$ 398,058</u>
<b>Net Change in Fund Balance</b>			(783,024)	
<b>Fund Balance - Beginning of Year</b>			<u>11,739,559</u>	
<b>Fund Balance - End of Year</b>			<u>\$ 10,956,535</u>	

Notes 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.

**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**SCHEDULES OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL**  
**OPEB LIABILITY AND RELATED RATIOS**  
For the Year Ended June 30, 2023

	2023*	2022*	2021*	2020*	2019*	2018 *
Measurement Date	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	\$ 1,953,231	\$ 2,838,568	\$ 2,531,726	\$ 1,715,219	\$ 1,848,898	\$ 1,628,757
Interest on Total OPEB Liability	2,263,199	1,687,845	1,561,932	1,963,528	1,674,367	1,614,516
Effect of plan changes	(34,968)				(8,624)	
Effect of demographic gains or losses	4,471,682		(1,336,287)		1,199,482	637,868
Effect of assumption changes or inputs	(1,400,165)	(15,499,559)	6,603,513	12,106,526	(2,452,306)	
Benefit payments	(2,460,128)	(2,249,868)	(2,155,163)	(1,894,157)	(1,788,039)	(2,419,774)
Net change in total OPEB Liability	<u>4,792,851</u>	<u>(13,223,014)</u>	<u>7,205,721</u>	<u>13,891,116</u>	<u>473,778</u>	<u>1,461,367</u>
Total OPEB Liability - Beginning	<u>63,198,323</u>	<u>76,421,337</u>	<u>69,215,616</u>	<u>55,324,500</u>	<u>54,850,722</u>	<u>53,389,355</u>
Total OPEB Liability - Ending	<u>\$ 67,991,174</u>	<u>\$ 63,198,323</u>	<u>\$ 76,421,337</u>	<u>\$ 69,215,616</u>	<u>\$ 55,324,500</u>	<u>\$ 54,850,722</u>
Covered payroll	\$ 12,775,398	\$ 12,784,938	\$ 12,784,938	\$ 12,505,584	\$ 12,505,584	\$ 11,975,987
Total OPEB Liability as a percentage of covered payroll	532.20%	494.32%	597.75%	553.48%	442.40%	458.01%

\* 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's net OPEB liability is not funded. Therefore, the liability is the net position of the plan. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

**Actuarial Assumptions:**

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 9 to the financial statements.

**Changes to Assumptions:**

The discount rate changed from 3.54% to 3.65%. The medical trend rate is 6.8% and will gradually decrease to 3.8% over 50 years.



**CAZENOVIA CENTRAL SCHOOL DISTRICT  
SCHEDULES OF DISTRICT CONTRIBUTIONS  
For the Year Ended June 30, 2023**

		<b>ERS Pension Plan Last 10 Fiscal Years</b>									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$	381,891	466,586	415,117	402,486	412,564	415,558	414,914	473,852	537,342	556,606
Contributions in Relation to the Contractually Required Contribution		<u>381,891</u>	<u>466,586</u>	<u>415,117</u>	<u>402,486</u>	<u>412,564</u>	<u>415,558</u>	<u>414,914</u>	<u>473,852</u>	<u>537,342</u>	<u>556,606</u>
Contribution Deficiency (Excess)	\$	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
School District's Covered-ERS Employee Payroll	\$	3,251,769	3,007,266	2,872,027	2,790,383	2,808,265	2,760,203	2,699,817	2,612,849	2,670,436	2,681,292
Contributions as a Percentage of Covered-Employee Payroll		11.74%	15.52%	14.45%	14.42%	14.69%	15.06%	15.37%	18.14%	20.12%	20.76%

		<b>TRS Pension Plan Last 10 Fiscal Years</b>									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$	1,166,862	1,062,125	1,019,741	931,380	1,120,806	991,830	1,171,503	1,287,296	1,700,223	1,612,582
Contributions in Relation to the Contractually Required Contribution		<u>1,166,862</u>	<u>1,062,125</u>	<u>1,019,741</u>	<u>931,380</u>	<u>1,120,806</u>	<u>991,830</u>	<u>1,171,503</u>	<u>1,287,296</u>	<u>1,700,223</u>	<u>1,612,582</u>
Contribution Deficiency (Excess)	\$	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
School District's Covered-TRS Employee Payroll	\$	11,339,767	10,838,010	10,700,325	10,512,190	10,553,729	10,120,712	9,995,759	9,708,115	9,698,933	9,923,582
Contributions as a Percentage of Covered-Employee Payroll		10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY**  
**For the Year Ended June 30, 2023**

	<b>ERS Pension Plan</b>									
	<b>Last 10 Fiscal Years</b>									
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
District's proportion of the net pension asset/liability	0.0096158%	0.0092572%	0.0086788%	0.0088511%	0.0088118%	0.0090700%	0.0092330%	0.0089152%	0.0094147%	0.0094147%
District's proportionate share of the net pension asset (liability)	\$ (2,062,025)	\$ 756,737	\$ (8,642)	\$ (2,343,824)	\$ (624,343)	\$ (292,729)	\$ (867,549)	\$ (1,430,911)	\$ (318,051)	\$ (425,436)
District's covered-employee payroll	\$ 3,251,769	\$ 3,007,266	\$ 2,872,027	\$ 2,790,383	\$ 2,808,265	\$ 2,760,203	\$ 2,699,817	\$ 2,612,849	\$ 2,670,436	\$ 2,681,292
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.41%	25.16%	0.30%	84.00%	22.23%	10.61%	32.13%	54.76%	11.91%	15.87%
Plan fiduciary net position as a percentage of total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%	97.90%	97.20%

	<b>TRS Pension Plan</b>									
	<b>Last 10 Fiscal Years</b>									
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
District's proportion of the net pension asset/liability	0.063459%	0.062827%	0.061849%	0.063228%	0.062130%	0.063078%	0.062913%	0.064568%	0.067180%	0.06325%
District's proportionate share of the net pension asset (liability)	\$ (1,217,702)	\$ 10,887,308	\$ (1,709,064)	\$ 1,642,660	\$ 1,123,467	\$ 479,454	\$ (673,825)	\$ 6,706,518	\$ 7,483,471	\$ 449,749
District's covered-employee payroll	\$ 10,838,010	\$ 10,700,325	\$ 10,512,190	\$ 10,553,729	\$ 10,120,712	\$ 9,995,759	\$ 9,708,115	\$ 9,698,933	\$ 9,923,582	\$ 10,008,087
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	11.24%	101.75%	16.26%	15.56%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of total pension asset/liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET**  
**AND REAL PROPERTY TAX LIMIT**  
**For the Year Ended June 30, 2023**

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**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$	34,372,000
Add: Prior Year's Encumbrances		214,208
Original Budget		34,586,208
Final Budget	\$	34,586,208

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

2023-24 Voter-Approved Expenditure Budget		\$ 36,529,529
<b>Maximum Allowed (4% of 2023-24 budget)</b>		<b>\$ 1,461,181</b>
 General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 1,498,058	
Unassigned Fund Balance	1,461,183	
Total Unrestricted Fund Balance		2,959,241
 Less:		
Appropriated Fund Balance	\$ 1,100,000	
Encumbrances Included in Committed and Assigned Fund Balance	398,058	
Total Adjustments		1,498,058
 <b>General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law</b>		<b>\$ 1,461,183</b>
 <b>Actual Percentage</b>		 <b>4.00%</b>

**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2023**

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance (Deficit) June 30, 2023	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
2023 Buses	\$ 347,883	\$ 347,883	\$	\$ 347,883	\$ 347,883	\$	\$ 347,883	\$	\$	\$ 347,883	\$
Energy Performance Contract	2,200,000	1,704,457	1,600,982	103,475	1,704,457						(1,704,457)
Smart Schools Project	813,516	813,516	654,477		654,477	159,039		654,477		654,477	
22-23 Capital Outlay Project	100,000	100,000		97,318	97,318	2,682			100,000	100,000	2,682
2022 District Wide Project	10,713,319	10,713,319		1,083,617	1,083,617	9,629,702			980,125	980,125	(103,492)
2019 District Wide Project Phase IA	500,000	500,000	22,312	11,381	33,693	466,307					(33,693)
2019 District Wide Project	<u>15,000,000</u>	<u>14,500,000</u>	<u>14,501,571</u>	<u>(71,994)</u>	<u>14,429,577</u>	<u>70,423</u>			<u>1,633,944</u>	<u>1,633,944</u>	<u>(12,795,633)</u>
Totals	<u>\$ 29,674,718</u>	<u>\$ 28,679,175</u>	<u>\$ 16,779,342</u>	<u>\$ 1,571,680</u>	<u>\$ 18,351,022</u>	<u>\$ 10,328,153</u>	<u>\$ 347,883</u>	<u>\$ 654,477</u>	<u>\$ 2,714,069</u>	<u>\$ 3,716,429</u>	<u>\$ (14,634,593)</u>

See Independent Auditor's Report.

**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**NET INVESTMENT IN CAPITAL ASSETS**  
**For the Year Ended June 30, 2023**

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Capital and Right to Use Assets, Net	<u>30,203,285</u>
Add:	
Unamortized Bond Issuance Costs	105,535
Capital Fund Unspent BAN and Bond Proceeds	<u>597,329</u>
	<u>\$ 702,864</u>
Deduct:	
Bond Anticipation Notes	15,070,514
Premium on Bonds Payable	708,631
Lease Liability	91,862
Serial Bonds Payable	<u>7,547,883</u>
Total Deduct	<u>23,418,890</u>
Net Investment in Capital Assets	<u>\$ 7,487,259</u>

See Independent Auditor's Report.



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

120 Lomond Court, Utica, N.Y. 13502-5950  
315-735-5216 Fax: 315-735-5210

**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

Cazenovia Central School District, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cazenovia Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cazenovia Central School District's basic financial statements, and have issued our report thereon dated October 16, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Cazenovia 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 the Cazenovia Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cazenovia 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 the Cazenovia 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 16, 2023

Utica, New York



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

120 Lomond Court, Utica, N.Y. 13502-5950  
315-735-5216 Fax: 315-735-5210

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

Board of Education  
Cazenovia Central School District, New York

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

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

We have audited the Cazenovia Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Cazenovia Central School District's major federal programs for the year ended June 30, 2023. The Cazenovia 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, Cazenovia 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, 2023.

***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 Cazenovia 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 Cazenovia Central School District's compliance with the compliance requirements referred to above.

***Responsibility 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 Cazenovia 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 Cazenovia 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 Cazenovia 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 Cazenovia 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 Cazenovia 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 Cazenovia 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 16, 2023

Utica, New York



**CAZENOVIA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Agency or Pass-through Number	Current Year Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Agriculture</u>				
(Passed Through the State Education Department of the State of New York)				
Nutrition Cluster				
Non-Cash Assistance Food Donation	10.555	N/A	\$ 44,657	\$
National School Lunch Program	10.555	N/A	243,199	
Supply Chain Assistance			<u>50,396</u>	
Total Cash Assistance Subtotal			<u>293,595</u>	
Total Child Nutrition Cluster			<u>338,252</u>	
Total U.S. Department of Agriculture			<u>338,252</u>	
<u>U.S. Department of Education</u>				
(Passed Through the State Education Department of the State of New York)				
Title I Grants to Local Educational Agencies	84.010	0021-23-1285	<u>124,982</u>	
COVID-19 Education Stabilization Fund				
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-1285	801,400	
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	5891-21-1285	<u>313,224</u>	
Total Education Stabilization Cluster			<u>1,114,624</u>	
Special Education Cluster				
Special Education - Grants to States, (IDEA, Part B)	84.027	0032-23-0344	325,337	
Special Education - Preschool Grants, (IDEA Preschool)	84.173	0033-23-0344	<u>7,610</u>	
Total Special Education Cluster			<u>332,947</u>	
Improving Teacher Quality State Grants, (Title IIA)	84.367	0147-23-1285	<u>28,571</u>	
Title III, Part A, English Language Acquisition Grant	84.365	0293-22-0697	<u>1,956</u>	
Title IV, Part A, Student Support and Academic Enrichment (SSAE) Program	84.424	0204-23-1285	<u>10,414</u>	
Total U.S. Department of Education			<u>1,613,494</u>	
<u>Total Federal Financial Assistance</u>			<u>\$ 1,951,746</u>	<u>\$</u>



**CAZENOVIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Cazenovia 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 requirements 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.

***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, 2023, the School District had food commodities totaling \$10,150 in inventory.

***Cluster Programs***

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

U.S. Department of Agriculture

Nutrition Cluster

AL #10.553	School Breakfast Program
AL #10.555	National School Lunch Program
AL #10.559	Summer Food Service Program

U.S. Department of Education

Special Education Cluster

AL #84.027	Special Education - Grants to States (IDEA, Part B)
AL #84.173	Special Education - Preschool Grants (IDEA Preschool)

**CAZENOVIA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS**  
**For the Year Ended June 30, 2023**

**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>  COVID-19 Education Stabilization Fund:  AL # 84.425D Elementary and Secondary School Emergency Relief (ESSER)  AL # 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 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Findings – Financial Statement Audit**

No findings noted.

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

No findings noted.

**CAZENOVIA CENTRAL SCHOOL DISTRICT  
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS  
For the Year Ended June 30, 2023**

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

None noted.

## FORM OF BOND COUNSEL’S OPINION

July 11, 2024

Cazenovia Central School District  
Counties of Madison and Onondaga,  
State of New York

Re: Cazenovia Central School District, Madison and Onondaga Counties, New York  
\$8,302,994 Bond Anticipation Notes, 2024

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$8,302,994 Bond Anticipation Notes, 2024 (referred to herein as the “Notes”), of the Cazenovia Central School District, Madison and Onondaga Counties, State of New York (the “District”). The Notes are dated July 11, 2024 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, a resolution of the District in respect of the Notes and a Certificate of Determination dated on or before July 11, 2024 of the President of the Board of Education relative to the form and terms of the Notes.

In our opinion, the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all taxable real property within the District is subject to levy of ad valorem real estate taxes to pay the Notes and interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereinafter enacted.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. The President of the Board of Education of the District, in executing the Arbitrage and Use of Proceeds Certificate, has certified to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes is excluded from gross income under Section 103 of the Code. We have examined such Arbitrage and Use of Proceeds Certificate of the District delivered concurrently with the delivery of the Notes, and, in our opinion, such certificate contains provisions and procedures under which such requirements can be met.

In our opinion, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, 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. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage and Use of Proceeds Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes or adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. We call attention to the fact that the rights and obligations under the Notes and the Arbitrage and Use of Proceeds Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against New York municipal corporations such as the School District. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, or waiver provisions contained in the foregoing documents.



The scope of our 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 herein. The opinions expressed herein 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 or interest on the Notes as the same respectively become due and payable. Reference should be made to the Official Statement for factual information, which, in the judgment of the School District would materially affect the ability of the School District to pay such principal and interest. We have not verified the accuracy, completeness or fairness of the factual information contained in the Official Statement and, accordingly, no opinion is expressed by us as to whether the School 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 light of the circumstances under which they were made, not misleading.

We have examined the first executed Note of each said issue and, in our opinion, the form of said Note and its execution are regular and proper.

Very truly yours,

Trespasz Law Offices, LLP