**PRELIMINARY OFFICIAL STATEMENT**

<u>**NEW & RENEWAL ISSUE**</u> <u>**BOND ANTICIPATION NOTES**</u>

*In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including the City of New York and the City of Yonkers. Interest on the Notes may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.*

*The District will not designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").*

# $26,565,039

# NEWARK VALLEY CENTRAL SCHOOL DISTRICT

## TIOGA, TOMPKINS, CORTLAND AND BROOME COUNTIES, NEW YORK

### GENERAL OBLIGATIONS

**$25,313,000 Bond Anticipation Notes, 2024 Series A**

**(the "Series A Notes")**

**Dated: August 14, 2024** **Due: August 14, 2025**

**&**

**$1,252,039 Bond Anticipation Notes, 2024 Series B**

**(the "Series B Notes")**

**Dated: August 29, 2024** **Due: August 29, 2025**

**(collectively referred to herein as the "Notes")**

The Notes are general obligations of the Newark Valley Central School District, Tioga, Tompkins, Cortland and Broome Counties, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to the applicable statutory limitations of Chapter 97 of the Laws of 2011 of the State of New York, as amended. 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, the Notes will be issued as registered book-entry-only notes or registered in the name of the purchaser in certificated form. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of $5,000 or multiples thereof, as may be determined by such successful bidder.

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

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Squire Patton Boggs (US) LLP, Bond Counsel, New York, New York. It is anticipated that the Series A Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser, on or about August 14, 2024. It is anticipated that the Series B Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser, on or about August 29, 2024.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on August 1, 2024 by no later than 10:30 A.M. Prevailing Time. 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.**

July 19, 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, 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.

# NEWARK VALLEY CENTRAL SCHOOL DISTRICT
## TIOGA, TOMPKINS, CORTLAND AND BROOME COUNTIES, NEW YORK

## DISTRICT OFFICIALS

### 2024-2025 BOARD OF EDUCATION

RANDAL H. KERR
President

SUSAN WATSON
Vice President

SARAH HINES
LISA JENSEN
JAMES PHILLIPS
ANTHONY D. TAVELLI
STUART WANDELL

* * * * *

### ADMINISTRATION

TIMOTHY CALICE
Superintendent of Schools

JI Z. KATCHUK
School Business Administrator

PATRICIA WALSH
District Treasurer

TINA ENGELHARD
District Clerk

FERRARA FIORENZA PC
School District Attorney

SQUIRE PATTON BOGGS
Bond Counsel

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

No person has been authorized by Newark Valley 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 Newark Valley Central School District.

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**PREPARED WITH THE ASSISTANCE OF**


Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

**OFFICIAL STATEMENT**

**OF THE**

# NEWARK VALLEY CENTRAL SCHOOL DISTRICT
# TIOGA, TOMPKINS, CORTLAND AND BROOME COUNTIES, NEW YORK

**RELATING TO**

## $25,313,000 Bond Anticipation Notes, 2024 Series A
## &
## $1,252,039 Bond Anticipation Notes, 2024 Series B

This Official Statement, which includes the cover page and appendices, has been prepared by the Newark Valley Central School District, Tioga, Tompkins, Cortland and Broome Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of $25,313,000 principal amount of Bond Anticipation Notes, 2024 Series A (the "Series A Notes") and $1,252,039 Bond Anticipation Notes, 2024 Series B (the "Series B Notes") (collectively referred to herein as 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 OBLIGATION

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

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District without limitation as to rate or amount, subject to the applicable statutory limitations of Chapter 97 of the Laws of 2011 of the State of New York, as amended.

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, as amended was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

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

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

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

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

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

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

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

## THE NOTES

### Description of the Notes

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

The Series A Notes are dated August 14, 2024 and mature, without the option of prior redemption, on August 14, 2025. The Series B Notes are dated August 29, 2024 and mature, without the option of prior redemption, on August 29, 2025. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Series A Notes will be issued in denominations of $5,000 each or multiples thereof, except for a necessary odd denomination which is or includes $8,000 and the Series B Notes will be issued in denominations of $5,000 or multiples thereof, except for a necessary odd denomination which is or includes $7,039, and each series will either (i) registered in the name of the purchaser, in certificated form with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) as registered book-entry-only notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

**No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

**Purpose of Issue**

The Series A Notes are issued pursuant to the Constitution and Laws of the State of New York, including the Education Law and the Local Finance Law, and pursuant to a bond resolution adopted by the Board of Education on January 23, 2023 authorizing the issuance of up to $22,336,628 for serial bonds, the use of $3,458,000 capital reserve funds, and the use of $42,000 available funds of the District to finance the costs of the construction, reconstruction and equipping of the elementary, middle and high school buildings, the transportation building and the school storage building ("Proposition 1").

The Series A Notes are issued pursuant to the Constitution and Laws of the State of New York, including the Education Law and the Local Finance Law, and pursuant to a second bond resolution on January 23, 2023 authorizing the issuance of up to $6,100,379 serial bonds to finance the costs of the construction, reconstruction and equipping of certain additional improvements to the high school building ("Proposition 2").

The proceeds of the Series A Notes, along with $187,000 in available District funds will partially redeem and renew the $12,000,000 bond anticipation notes that mature August 15, 2024 and will provide $10,336,528 in new money against Proposition 1 and $3,163,472 in new money against Proposition 2 for a total of $13,500,000 in new money.

The District voted and approved a proposition on May 21, 2024 pursuant to the Constitution and Laws of the State of New York, including the Education Law and the Local Finance Law, and bond resolution dated July 15, 2024 duly adopted by the Board of Education authorizing the issuance of Notes for the acquisition of three school buses.

The District voted and approved a second proposition on May 21, 2024 pursuant to the Constitution and Laws of the State of New York, including the Education Law and the Local Finance Law, and bond resolution dated July 15, 2024 duly adopted by the Board of Education authorizing the District to expend $50,455 from the voter approved capital reserve fund established by the District on May 12, 1993, and as amended on May 21, 2002 for the purchase of school buses.

The proceeds of the Series B Notes, along with $375,885 in available funds, will partially redeem and renew $1,173,825 bond anticipation notes maturing August 30, 2024, and will provide $454,099 in new monies against this authorization.

## BOOK-ENTRY-ONLY SYSTEM

In the event that the Notes are issued in registered book-entry form, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each of the Notes bearing the same CUSIP, 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, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 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 Bond ("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 Bond 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.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School 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 School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School 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 School District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company.

THE SCHOOL 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 SCHOOL 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 THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

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

**Certificated Notes**

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

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes $8,000 for the Series A Notes and $7,039 for the Series B Notes. 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 the Southern Tier of New York State, encompassing the Towns of Berkshire, Candor, Newark Valley, Owego and Richford in Tioga County, the Town of Caroline in Tompkins County, the Towns of Harford and Lapeer in Cortland County, and the Towns of Maine and Nanticoke in Broome County (collectively, the "Towns"). The District encompasses approximately 240 square miles of land area and is approximately 25 miles southeast of the City of Ithaca, 30 miles south of the City of Cortland, and 20 miles north of the City of Binghamton.

Major highways within and in close proximity to the District include U.S. Route 11, Interstate 81, which extends north to Canada and south to Tennessee, Interstate 88, which runs northeast to Albany, Route 17 (the Southern Tier Expressway) which runs east-west and connects with Interstate 87 north of New York City, and Interstate 90 near Erie, Pennsylvania, and State Routes 38 and 79. Air transportation is provided by the Tompkins County Airport in Ithaca, served by US Airways and Continental Express, as well as by the Syracuse Hancock International Airport and the Broome County Airport in Binghamton.

The District is primarily residential and agricultural in nature. Employment opportunities are afforded to residents in and around the Cities of Ithaca, Cortland and Binghamton. Institutions of higher learning located near the District include Cornell University, Ithaca College, The State University of New York at Cortland, Tompkins Cortland Community College, The State University of New York at Binghamton, and Broome Community College.

Commercial banking services are provided to the residents of the District by M&T Bank, JPMorgan Chase Bank, N.A., Tioga State Bank, Chemung Canal Trust Co., HSBC Bank USA, and NBT Bank, N.A.

Electricity and natural gas are provided by New York State Electric and Gas, and telephone service is provided by Citizens Communications. Police protection is afforded to residents of the District through State and local agencies and fire protection is provided by various volunteer fire departments located throughout the District.

Source: District officials.

**Population**

The current estimated population of the District is 7,026.

Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates.

## Major Employers

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

| Name | Type of Product or Service | Approximate Number Employed |
|---|---|---|
| Lockheed Martin | Manufacturer/Processor | 2,406 |
| Tioga County | Government | 400 |
| Tioga Downs Casino | Entertainment | 374 |
| Owego Apalachin CSD | Education | 331 |
| Waverly CSD | Education | 301 |
| Elderwood | Nursing Home | 295 |
| Best Buy Regional Distribution Center | Retail | 271 |
| Crown Cork & Seal | Manufacturer/Processor | 258 |
| Leprino Foods | Manufacturer | 230 |
| Stateline Auto | Auto Sales | 160 |
| Upstate Shredding | Scrap Processor | 152 |
| Ensco, Inc. | Manufacturer/Processor | 130 |

Source: 2022 largest employers in the general area of District's location provided by Tioga County Department of Economic Development & Planning.

## Selected Wealth and Income Indicators

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

| | Per Capita Income | | | Median Family Income | | |
|---|---|---|---|---|---|---|
| | 2006-2010 | 2016-2020 | 2018-2022 | 2006-2010 | 2016-2020 | 2018-2022 |
| Towns of: | | | | | | |
| Berkshire | $ 20,100 | $ 32,537 | $ 34,447 | $ 55,096 | $ 69,375 | $ 84,423 |
| Candor | 22,957 | 31,331 | 34,815 | 58,333 | 75,227 | 64,740 |
| Caroline | 25,347 | 35,728 | 44,749 | 62,713 | 79,250 | 102,642 |
| Harford | 16,840 | 27,779 | 30,993 | 49,044 | 72,963 | 82,500 |
| Lapeer | 18,373 | 23,946 | 26,870 | 47,083 | 80,000 | 65,625 |
| Maine | 22,220 | 29,738 | 33,653 | 54,306 | 69,081 | 81,313 |
| Nanticoke | 20,624 | 29,493 | 36,009 | 53,269 | 62,344 | 73,934 |
| Newark Valley | 21,623 | 30,702 | 33,826 | 54,148 | 88,728 | 101,184 |
| Owego | 29,083 | 37,993 | 43,385 | 67,301 | 92,440 | 105,200 |
| Richford | 20,318 | 26,840 | 32,188 | 55,156 | 64,821 | 72,115 |
| Counties of: | | | | | | |
| Tioga | 24,596 | 32,298 | 37,691 | 59,907 | 75,656 | 83,276 |
| Tompkins | 25,737 | 34,194 | 40,781 | 72,231 | 87,977 | 106,005 |
| Cortland | 22,078 | 28,407 | 31,594 | 57,743 | 71,430 | 80,814 |
| Broome | 24,314 | 29,721 | 33,674 | 57,545 | 69,596 | 78,605 |
| 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: U.S. Census Bureau 2006-2010, 2016-2020 and 2018-2022 American Community Survey 5-Year data.

**Unemployment Rate Statistics**

Unemployment statistics are not available for the District as such. The smallest areas for which such statistics are available (which include the District) are the Counties of Broome, Cortland, Tioga and Tompkins. The information set forth below with respect to the Counties of Broome, Cortland, Tioga and Tompkins is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the Counties of Broome, Cortland, Tioga and Tompkins are necessarily representative of the District, or vice versa.

Annual Averages

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Broome County | 5.5% | 4.8% | 4.5% | 8.3% | 5.3% | 3.9% | 3.9% |
| Cortland County | 5.8 | 5.1 | 4.7 | 7.7 | 5.1 | 3.9 | 4.2 |
| Tioga County | 5.1 | 4.3 | 4.0 | 7.5 | 4.5 | 3.3 | 3.4 |
| Tompkins County | 4.3 | 3.6 | 3.5 | 5.8 | 3.8 | 2.9 | 3.1 |
| New York State | 4.6 | 4.1 | 3.9 | 9.8 | 7.1 | 4.3 | 4.2 |

Monthly Figures

| | 2024 Jan | Feb | Mar | April | May | June | July | Aug |
|---|---|---|---|---|---|---|---|---|
| Broome County | 5.0% | 4.9% | 4.5% | 3.9% | 4.1% | N/A | N/A | N/A |
| Cortland County | 5.8 | 5.3 | 4.8 | 4.1 | 4.0 | N/A | N/A | N/A |
| Tioga County | 4.3 | 4.4 | 4.1 | 3.4 | 3.3 | N/A | N/A | N/A |
| Tompkins County | 3.5 | 3.4 | 3.2 | 2.9 | 3.5 | N/A | N/A | N/A |
| New York State | 4.4 | 4.5 | 4.2 | 3.9 | 4.2 | 4.3 | N/A | N/A |

Note: Unemployment rates for the months of June through August of 2024 are not available 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 of the District (the "Board") is the policy-making body of the District, and consists of seven members, each with overlapping three-year terms so that as nearly an equal number as possible is elected to the Board each year. Each Board member must be a qualified voter of the District. The President and the Vice President of the Board are selected from among the Board members.

**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, as amended ("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 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 District to exceed the District Tax Cap must receive at least 60% voter approval.

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

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

*Recent Budget Vote Results*

The budget for the 2023-2024 fiscal year was approved by the qualified voters on May 16, 2023. The budget called for a total tax levy increase of 2.86%, which was below the District's Tax Cap of 4.51%.

The budget for the 2024-2025 fiscal year was adopted by the qualified voters on May 21, 2024 by a vote of 179 to 119. The District's budget for the 2024-2025 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The proposed budget called for a total tax levy increase of 4.00% which was below the District's tax levy limit of 5.00%.

**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 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 issued by a bank or trust company located and authorized to do business in the State; (2) time deposit accounts in a bank or trust company located and authorized to do business in the State; (3) obligations of the State; and (4) obligations of the United States of America. Funds may also be invested in: (1) obligations in agencies of the federal government if payment of principal and interest is guaranteed by the United States of America; (2) with the approval of the State Comptroller, in revenue anticipation notes or tax anticipation notes of other New York State municipalities other than the District; and (3) with respect to reserve funds, in obligations of the District.

**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 64.25% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

In addition to the amount of State aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program.

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 and 2021 to 2023 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017 and the State's 2023-24 Budget which was not adopted until May 3, 2023. No assurance can be given that the State will not experience delays in in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

*Federal Aid Received by the State*

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

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

*Building Aid*

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2024-2025 preliminary building aid ratios, the District expects to receive State building aid of approximately 90.7% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

*State Aid History*

*School district fiscal year (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 provided $134 million to increase access to free school meals. A $20 million in grant funding established new Early College High School and Pathways in Technology Early College High School Programs. An investment of $10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges was made to promote job readiness. An additional $150 million was used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State. In fiscal years 2022 and 2023, public school districts were awarded $14 billion of federal elementary and secondary school emergency relief funds, available for use over multiple years.

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

*State Aid Litigation*

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

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

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

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

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

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 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.

**State Aid Revenues**

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

| Fiscal Year | Total Revenues | Total State Aid | Percentage of Total Revenues Consisting of State Aid |
|---|---|---|---|
| 2018-2019 | $ 25,940,992 | $ 16,933,471 | 65.28% |
| 2019-2020 | 25,819,550 | 17,216,198 | 66.68 |
| 2020-2021 | 24,205,385 | 15,442,234 | 63.80 |
| 2021-2022 | 25,366,707 | 16,548,244 | 65.24 |
| 2022-2023 | 25,941,035 | 17,149,563 | 66.11 |
| 2023-2024 (Budgeted) | 28,751,314 (1) | 18,145,320 | 63.11 |
| 2023-2024 (Unaudited) | 27,875,901 | 18,587,366 | 66.68 |
| 2024-2025 (Budgeted) | 29,803,569 (1) | 19,149,380 | 64.25 |

(1) Includes appropriated reserves and fund balance.

Source: Audited Financial Statements for the 2018-2019 fiscal year through the 2022-2023 fiscal year, unaudited figures and the adopted budget for the 2023-2024 fiscal year, and the adopted budget for the 2024-2025 fiscal year of the District. This table is not audited.

Note: Unaudited projected results for the 2023-2024 fiscal year are based upon certain current assumptions and estimates and the audited results may vary therefrom.

**District Facilities**

| Name | Grades | Capacity | Year(s) Built |
|---|---|---|---|
| Nathan T. Hall Elementary School | PK-3 | 600 | 1961, ’89, 2005 |
| Newark Valley Middle School | 4-7 | 598 | 1931, ’54, ’67, ’89 |
| Newark Valley Senior High School | 8-12 | 652 | 1969, 2005 |
| Transportation Building | N/A | N/A | 2019 |

Source: District officials.

**Enrollment Trends**

| School Year | Actual Enrollment | School Year | Projected Enrollment |
|---|---|---|---|
| 2019-20 | 1,080 | 2024-25 | 950 |
| 2020-21 | 1,007 | 2025-26 | 925 |
| 2021-22 | 999 | 2026-27 | 925 |
| 2022-23 | 975 | 2027-28 | 920 |
| 2023-24 | 958 | 2028-29 | 920 |

Source: District officials. The above consists of K-12 enrollment figures, not including students enrolled full time at BOCES or pre-kindergarten students.

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**Employees**

The District currently employs about 232 full-time and part-time persons. The employees are represented by the following bargaining agents:

| Employees | Bargaining Unit | Contract Expiration Date |
|---|---|---|
| 119 | Newark Valley CSD United Teachers | June 30, 2026 |
| 26 | Newark Valley CSD Cardinal Bus Drivers | June 30, 2027 |
| 30 | Newark Valley CSD Civil Service Employees' Association | June 30, 2025 |
| 3 | Newark Valley CSD School Mechanics' Group | June 30, 2027 |
| 3 | Newark Valley CSD Educational Support Personnel Association | June 30, 2025 |
| 10 | Newark Valley CSD United Support Staff | June 30, 2025 |
| 6 | Valley Educational Administration Association | June 30, 2028 |
| 35 | Newark Valley CSD United Aides | June 30, 2027 |

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 five 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, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Effective April 20, 2024, this final average salary calculation for ERS Tier VI members has been changed from five years to the three highest consecutive years of earnings. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The District is required to contribute at an actuarially determined rate. The actual contributions for the 2019-2020 through 2023-2024 fiscal years, and budgeted figures for the 2024-2025 fiscal year, are as follows:

| Fiscal Year | ERS | TRS |
|---|---|---|
| 2019-2020 | $ 326,082 | $ 841,795 |
| 2020-2021 | 330,431 | 699,450 |
| 2021-2022 | 381,396 | 735,129 |
| 2022-2023 | 303,461 | 808,575 |
| 2023-2024 | 354,223 | 763,420 |
| 2024-2025 (Budgeted) | 451,001 | 921,000 |

Source: District records.

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

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

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

| Fiscal Year | ERS | TRS |
|---|---|---|
| 2020-21 | 14.6% | 9.53% |
| 2021-22 | 16.2 | 9.80 |
| 2022-23 | 11.6 | 10.29 |
| 2023-24 | 13.1 | 9.76 |
| 2024-25 | 15.2 | 10.02 (1) |

(1) 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 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a fund.

**Other Post-Employment Benefits**

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

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

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

*GASB 75.* In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75 for the fiscal year ended June 30, 2018. 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 valuations under GASB 75. The following outlines the changes to the Total OPEB Liability during the fiscal years 2022 and 2023, by source.

| | July 1, 2021 | July 1, 2022 |
|---|---|---|
| Balance beginning at: | $ 67,218,329 | $ 55,711,174 |
| Changes for the year: | | |
| Service cost | 2,614,552 | 1,773,734 |
| Interest Cost | 1,487,363 | 2,004,332 |
| Changes in Benefit Terms | - | - |
| Differences between expected and actual experience | - | (4,780,735) |
| Changes in Assumptions or other inputs | (13,651,704) | (1,862,257) |
| Benefit payments | (1,957,366) | (1,745,909) |
| Net Changes | $ (11,507,155) | $ (4,610,835) |
| | June 30, 2022 | June 30, 2023 |
| Balance ending at: | **$ 55,711,174** | **$ 51,100,339** |

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

Source: Audited Financial Statements for the respective fiscal year and actuarial reports.

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.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

**Other Information**

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

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

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

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

**Financial Statements**

The School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2023 and has been filed with the Electronic Municipal Market Access ("EMMA") website. It is also attached hereto as "APPENDIX – C" to this Official Statement. Certain financial information of the School District can also be found attached as Appendices to the Official Statement.

The 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.

*Anticipated Unaudited Results for Fiscal Year Ending June 30, 2024*

The District expects to end the fiscal year ending June 30, 2024 with an unassigned fund balance of $1,177,804.

Summary anticipated unaudited information for the General Fund for the period ending June 30, 2024 is as follows:

| | |
|---|---|
| Revenues: | $ 27,875,901 |
| Expenditures: | 25,999,075 |
| Excess (Deficit) Revenues Over Expenditures: | $ 1,876,826 |
| Beginning Fund Balance June 30, 2023: | $ 6,877,620 |
| Total Fund Balance (including reserves) June 30, 2024: | $ 8,754,446 |

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

**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 June 24, 2022. The purpose of the audit was to examine District officials' management of the District's financial condition for the period July 1, 2020 through November 30, 2021.

Key Findings:

- Seek competition for 13 purchases of goods and services totaling $44,401.
- Compare billed prices to the awarded contract prices and overpaid for cleaning supplies by $1,532. As a result of the State Comptroller's audit, District officials obtained a credit for this amount from the vendor.
- Seek competition for four of five professional service providers paid $133,346 during our audit period.

Key Recommendations:

- Seek competition when procuring goods and services.
- Compare billed prices to awarded contract prices to ensure the District is billed the correct rates.
- Update the procurement policy and related procedures to include detailed guidance for procuring goods and services at all levels not subject to competitive bidding.
- Establish reasonable intervals to use a request for proposal (RFP) process to obtain proposals for professional services.

The District provided a complete response to the State Comptroller's office on June 13, 2022. 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 recent State Comptroller's audits of the District, nor are there any that are currently in progress or pending release as of the date of this Official Statement.

Note: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

**The State Comptroller's Fiscal Stress Monitoring System**

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

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

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

| Fiscal Year Ending | Stress Designation | Stress Designation |
|---|---|---|
| 2023 | No Designation | 3.3 |
| 2022 | No Designation | 0.0 |
| 2021 | No Designation | 3.3 |
| 2020 | No Designation | 3.3 |
| 2019 | No Designation | 3.3 |

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

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

## TAX INFORMATION

### Taxable Assessed Valuations

| Fiscal Year Ending June 30: | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Towns of: | | | | | |
| Berkshire | $ 71,592,680 | $ 72,373,314 | $ 72,981,074 | $ 74,132,678 | $ 74,909,398 |
| Candor | 25,651,300 | 25,536,103 | 26,018,750 | 26,244,151 | 27,086,811 |
| Caroline | 17,161,981 | 17,434,943 | 17,507,489 | 19,502,211 | 21,835,563 |
| Harford | 412,654 | 498,252 | 489,492 | 480,875 | 639,051 |
| Lapeer | 599,570 | 587,460 | 619,400 | 605,960 | 593,790 |
| Maine | 457,635 | 457,686 | 457,631 | 481,093 | 481,086 |
| Nanticoke | 507,709 | 505,926 | 505,024 | 504,810 | 504,124 |
| Newark Valley | 112,618,140 | 112,013,873 | 112,197,799 | 112,701,782 | 113,498,917 |
| Owego | 36,657,994 | 36,768,065 | 36,807,414 | 37,052,519 | 37,110,397 |
| Richford | 58,583,676 | 58,619,699 | 59,742,946 | 60,323,815 | 60,885,278 |
| Total Assessed Values | $ 324,243,339 | $ 324,795,321 | $ 327,327,019 | $ 332,029,894 | $ 337,544,415 |
| State Equalization Rates | | | | | |
| Towns of: | | | | | |
| Berkshire | 100.00% | 94.00% | 95.00% | 91.00% | 76.00% |
| Candor | 97.00% | 93.00% | 92.00% | 85.50% | 72.50% |
| Caroline | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Harford | 85.00% | 100.00% | 100.00% | 100.00% | 90.00% |
| Lapeer | 94.00% | 94.00% | 94.00% | 87.00% | 73.50% |
| Maine | 61.00% | 60.00% | 58.00% | 53.00% | 49.00% |
| Nanticoke | 56.70% | 55.00% | 54.00% | 47.20% | 41.00% |
| Newark Valley | 68.00% | 66.00% | 66.00% | 60.00% | 49.00% |
| Owego | 72.50% | 68.00% | 68.00% | 62.00% | 54.00% |
| Richford | 98.00% | 92.00% | 96.00% | 92.00% | 80.80% |
| Taxable Full Valuations | $ 393,925,191 | $ 412,197,628 | $ 411,841,049 | $ 447,984,017 | $ 537,197,459 |

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

| Fiscal Year Ending June 30: | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Towns of: | | | | | |
| Berkshire | $ 20.51 | $ 20.92 | $ 20.78 | $ 19.94 | $ 20.47 |
| Candor | 21.15 | 21.15 | 21.46 | 21.23 | 21.46 |
| Caroline | 20.51 | 19.67 | 19.74 | 18.15 | 15.56 |
| Harford | 24.13 | 19.67 | 19.74 | 18.15 | 17.29 |
| Lapeer | 21.82 | 20.92 | 21.00 | 20.86 | 21.17 |
| Maine | 33.63 | 32.78 | 34.04 | 34.24 | 31.75 |
| Nanticoke | 36.18 | 35.76 | 36.56 | 38.45 | 37.95 |
| Newark Valley | 30.17 | 29.80 | 29.91 | 30.25 | 31.75 |
| Owego | 28.29 | 28.92 | 29.03 | 29.27 | 28.81 |
| Richford | 20.93 | 21.38 | 20.56 | 19.73 | 19.33 |

**Tax Levy and Tax Collection Record**

| Fiscal Year Ending June 30: | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Total Tax Levy | $ 8,080,250 | $ 8,106,150 | $ 8,130,470 | $ 8,130,470 | $ 8,362,864 |
| Amount Uncollected (1) | 528,551 | 584,965 | 504,548 | 497,990 | 565,809 |
| % Uncollected | 6.54% | 7.22% | 6.21% | 6.12% | 6.77% |

(1) Excluding STAR and State-Owned Land payments. School District taxes are made whole by the Counties. See "Tax Collection Procedure" herein.

**Tax Collection Procedure**

Tax payments are due around September 1st. There is no penalty charged during the first month of collection, but a 2% penalty is charged from early October to end of collection, normally around November 1st. After collection period, uncollected taxes plus penalties are returnable to the respective Counties for collection. The School District receives taxes plus penalties from the respective Counties prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the Counties.

**Larger Taxpayers 2023 for 2023-2024 Tax Roll**

| Name of Taxpayer | Type of Business | Assessed Value |
|---|---|---|
| State of New York (Taxable) | Government | $ 11,308,470 |
| New York State Electric & Gas | Utility | 5,075,551 |
| Buckeye Pipeline | Utility | 2,724,869 |
| RDVB Land | Farm | 2,114,000 |
| Tioga Hardwoods Manufacturing, LLC | Manufacturing | 2,098,500 |
| George Hoffmier | Farm | 1,983,280 |
| Christopher Luszczek | Farm | 1,819,100 |
| Fifth Garden Park Limited | Mobil Home Park | 1,688,220 |
| Cotton Hanlon Inc. | Forestry | 1,097,100 |
| Citizens Telecommunications | Utility | 1,021,705 |

The taxpayers listed above have a total assessed valuation of $30,930,795, which represents 9.2% of the 2023-2024 tax base of the District.

The District currently does not have any pending or outstanding tax certioraris that are known or believed could have a material impact on the finances of the District.

Source: District Tax Rolls.

**Real Property Tax Revenues**

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

| Fiscal Year | Total Revenues | Total Real Property Taxes & Other Tax Items | Percentage of Total Revenues Consisting of Real Property Tax |
|---|---|---|---|
| 2018-2019 | $ 25,940,992 | $ 8,005,435 | 30.86% |
| 2019-2020 | 25,819,550 | 8,103,855 | 31.39 |
| 2020-2021 | 24,205,385 | 8,123,544 | 33.56 |
| 2021-2022 | 25,366,707 | 8,148,812 | 32.12 |
| 2022-2023 | 25,941,035 | 8,148,323 | 31.41 |
| 2023-2024 (Budgeted) | 28,751,314 (1) | 8,465,864 | 29.45 |
| 2023-2024 (Unaudited) | 27,875,901 | 8,380,164 | 30.06 |
| 2024-2025 (Budgeted) | 29,803,569 (1) | 8,697,158 | 29.18 |

(1) Includes appropriated reserves and fund balance.

Source: Audited Financial Statements for fiscal years 2018-2019 through and including 2022-2023 and the adopted budget and unaudited figures for the 2023-2024 fiscal year, and adopted budget figures of the 2024-2025 fiscal year of the District. This table is not audited. The unaudited projections for the 2023-2024 fiscal year are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

**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 $93,200 or less in 2023-2024 and $98,700 or less in 2024-2025, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first $81,400 of the full value of a home for the 2023-2024 school year and the first $84,000 of the full value of a home for the 2024-2025 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 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 2024-25 District tax roll for the municipalities applicable to the District:

| Towns of: | Enhanced Exemption | Basic Exemption | Date Certified |
|---|---|---|---|
| Berkshire | $ 65,920 | $ 24,300 | 4/9/2024 |
| Candor | 61,940 | 22,830 | 4/9/2024 |
| Caroline | 84,510 | 30,180 | 4/9/2024 |
| Harford | 81,400 | 30,000 | 4/9/2024 |
| Lapeer | 63,030 | 23,230 | 4/9/2024 |
| Maine | 41,160 | 14,700 | 4/9/2024 |
| Nanticoke | 34,440 | 12,830 | 4/9/2024 |
| Newark Valley | 43,470 | 16,020 | 4/9/2024 |
| Owego | 45,360 | 16,550 | 4/9/2024 |
| Richford | 67,620 | 24,560 | 4/9/2024 |

$1,206,760 of the District's $8,362,864 school tax levy for the 2023-2024 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2024.

Approximately $1,200,000 of the District's $8,697,158 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**

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-65%; Commercial-20%; Agricultural-15%.

The estimated total annual school tax bill of a $50,000 market value residential property located in the District is approximately $777.97.

## TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011, as amended 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, legislation has since made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

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

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

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

## 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 authorized by the Board of Education and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

### Statutory Procedure

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

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

The Local Finance Law also provides for an estoppel procedure. Where a bond resolution is published, in summary or in full, 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 District is not authorized to expend money, or

(2) the provisions of the law which should be complied with at the date of publication have not been complied with in the authorization of such obligations, and an action contesting such validity is commenced within twenty days after the date of such publication, or,

(3) Such obligations are authorized in violation of the provisions of the Constitution.

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

Except on rare occasions the District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

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

**Debt Outstanding End of Fiscal Year**

| Fiscal Years Ending June 30th: | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Bonds | $ 2,990,000 | $ 11,460,000 | $ 10,595,000 | $ 9,580,000 | $ 8,515,000 |
| Bond Anticipation Notes | 13,906,200 | 1,044,000 | 1,043,100 | 1,107,000 | 13,173,825 |
| Total Debt Outstanding | $ 16,896,200 | $ 12,504,000 | $ 11,638,100 | $ 10,687,000 | $ 21,688,825 |

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the District as of July 19, 2024:

| Type of Indebtedness | Maturity | | Amount |
|---|---|---|---|
| Bonds | 2025-2046 | | $ 8,515,000 |
| Bond Anticipation Notes | | | |
| Capital Project | August 15, 2024 | | 12,000,000 (1) |
| Purchase of Buses | August 30, 2024 | | 1,173,825 (2) |
| | | Total Indebtedness | $ 21,688,825 |

(1) To be redeemed and partially renewed at maturity with the proceeds of the Series A Notes and $187,000 of available District funds.

(2) To be redeemed and partially renewed at maturity with the proceeds of the Series B Notes and $375,885 of available District funds.

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**Debt Statement Summary**

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of July 19, 2024:

| | | | |
|---|---|---|---|
| Full Valuation of Taxable Real Property | | | $ 537,197,459 |
| Debt Limit 10% thereof | | | 53,719,746 |
| Inclusions: | | | |
| Bonds | $ 8,515,000 | | |
| Bond Anticipation Notes | 13,173,825 | | |
| Total Inclusions prior to issuance of the Notes | | $ 21,688,825 | |
| Less: BANs being redeemed from appropriations (Series A) | | (187,000) | |
| Less: BANs being redeemed from appropriations (Series B) | | (375,885) | |
| Add: New money proceeds of the Series A Notes | | 13,500,000 | |
| Add: New money proceeds of the Series B Notes | | 454,099 | |
| Total Net Inclusions after issuance of the Notes | | $ 35,080,039 | |
| Exclusions: | | | |
| State Building Aid [(1)] | $ 0 | | |
| Total Exclusions | | $ 0 | |
| Total Net Indebtedness after issuance of the Notes | | | $ 35,080,039 |
| Net Debt-Contracting Margin | | | $ 18,639,707 |
| The percent of debt contracting power exhausted is | | | 65.30% |

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2024-2025 building aid estimates, the District anticipates State Building aid of 90.7% 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.

Notes: 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.

The above debt statement summary does not include energy performance contracts outstanding, which are subject to appropriation but do not involve a pledge of faith and credit of the District, and therefore do not technically constitute indebtedness of the District. Such obligations do however count towards the debt limit of the District. The District remains within its debt limit after taking into account the outstanding balance of such obligations.

**Bonded Debt Service**

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

**Cash Flow Borrowings**

The District historically does not issue tax anticipation notes or revenue anticipation notes, and does not reasonably expect to issue such notes in the foreseeable future.

**Capital Project Plans**

District voters approved two capital project propositions totaling $31,937,007 on December 14, 2022. Proposition 1 will address renovations, building system upgrades and site work at an estimated cost of $25,836,628. The District anticipates using $3,458,000 from the District's capital reserve fund and $42,000 available funds for Proposition 1. Proposition 2 will address the need for the District to move the High School locker rooms out of the basement by constructing an addition on the first floor adjacent to the gymnasium. The addition will house a concession stand and restrooms for use during outdoor events. The total cost for Proposition 2 is $6,100,379. On April 17, 2024, the District issued $12,000,000 bond anticipation notes that will mature August 15, 2024 against Proposition 1. The proceeds of the Series A Notes, along with $187,000 of available District funds will redeem and partially renew the $12,000,000 bond anticipation notes and provide $10,336,528 in new money against Proposition 1 and $3,163,472 in new money against Proposition 2, for a total of $13,500,000 in new money.

On November 29, 2023, District voters approved a capital project referendum for the Broome, Tioga and Delaware Counties BOCES (the "BOCES") at a maximum cost of $46,000,000. It is anticipated that the BOCES will finance $40,000,000 through the Dormitory Authority of the State of New York. The District's share of the project is approximately $1,400,000.

The District annually issues bond anticipation notes for the purchase of buses. Currently, $1,173,825 bond anticipation notes are outstanding for such purpose which mature on August 30, 2024.

On May 21, 2024, District voters approved a proposition to authorize the financing of the acquisition of three (3) school buses at a maximum cost of $504,554 and to authorize the issuance of serial bonds in the principal amount of $454,099 for this purpose. The proceeds of the Series B Notes, along with $375,885 of available District funds, will redeem and partially renew $1,173,825 bond anticipation notes set to mature August 30, 2024 and will provide $454,099 in new money against this authorization.

On May 21, 2024, District voters approved a second proposition to authorize the District to expend $50,455 from the capital reserve fund established on May 12, 1993, as amended on May 21, 2002 for the purchase of school buses and any other preliminary and incidental costs.

The District included two $100,000 renovation projects in its ARP-ESSER 2 grants application, which has been approved by the State Education Department.

The District is not contemplating any additional capital projects as of the date of this Official Statement.

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**Estimated Overlapping Indebtedness**

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

| Municipality | Status of Debt as of | Gross Indebtedness [1] | | Exclusions [2] | | Net Indebtedness | District Share | Applicable Indebtedness |
|---|---|---|---|---|---|---|---|---|
| Counties of: | | | | | | | | |
| Tioga | 6/28/2024 | $ 3,675,000 | (3) | $ - | | $ 3,675,000 | 11.27% | $ 414,173 |
| Tompkins | 6/28/2024 | 64,643,000 | (3) | 4,190,000 | | 60,453,000 | 0.20% | 120,906 |
| Cortland | 6/29/2024 | 20,315,000 | (3) | 1,200,000 | | 19,115,000 | 0.04% | 7,646 |
| Broome | 6/27/2024 | 179,616,581 | (3) | - | | 179,616,581 | 0.02% | 35,923 |
| Towns of: | | | | | | | | |
| Berkshire | 12/31/2022 | - | (6) | - | (5) | - | 18.65% | - |
| Candor | 12/31/2022 | - | (4) | - | (5) | - | 6.87% | - |
| Caroline | 12/31/2022 | - | (4) | - | (5) | - | 4.25% | - |
| Harford | 12/31/2022 | 19,800 | (4) | - | (5) | 19,800 | 0.12% | 24 |
| Lapeer | 12/31/2022 | - | (4) | - | (5) | - | 0.16% | - |
| Maine | 12/31/2022 | - | (4) | - | (5) | - | 0.19% | - |
| Nanticoke | 12/31/2022 | 25,200 | (4) | - | (5) | 25,200 | 0.23% | 58 |
| Newark Valley | 12/31/2022 | - | (4) | - | (5) | - | 41.28% | - |
| Owego | 12/31/2022 | 10,878,000 | (4) | - | (5) | 10,878,000 | 13.14% | 1,429,369 |
| Richford | 12/31/2022 | 133,000 | (4) | - | (5) | 133,000 | 15.11% | 20,096 |
| Village of: | | | | | | | | |
| Newark Valley | 5/31/2022 | 1,539,341 | (4) | - | (5) | 1,539,341 | 100.00% | 1,539,341 |
| | | | | | | | Total: | $ 3,567,536 |

(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.

(6) Information not available.

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**Debt Ratios**

The following table sets forth certain ratios relating to the District's indebtedness as of July 19, 2024:

| | Amount | Per Capita [a] | Percentage of Full Value [b] |
|---|---|---|---|
| Net Indebtedness [c] ..................................................................... | $ 35,080,039 | $ 4,992.89 | 6.53% |
| Net Indebtedness Plus Net Overlapping Indebtedness [d]............ | 38,647,575 | 5,500.65 | 7.19 |

(a) The 2022 estimated population of the District is 7,026. (See "THE DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for the 2023-2024 fiscal year is $537,197,459. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

(d) Estimated net overlapping indebtedness is $3,567,536. (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 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 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 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 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 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 District and the holder thereof. Under current law, provision is made for contract creditors of the 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 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 District may not be enforced by levy and execution against property owned by the District.

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as the counties, cities, towns and villages, 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.

**State Debt Moratorium Law.** There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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

As a result of the Court of Appeals decision in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, enacted at the 1975 Extraordinary Session of the State legislature, described below, authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

**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 <u>not</u> 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. See "THE NOTES – Nature of the Obligation" and "State Debt Moratorium Law" herein.

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

## MARKET AND RISK FACTORS

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

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

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, and continuing technical and Constitutional issues, regarding its implementation and interpretation could have an impact upon 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.

## TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) 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 not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including the City of New York and the City of Yonkers. Bond Counsel expresses no opinion as to any other tax consequences regarding the Notes.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the District contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the District's representations and certifications or the continuing compliance with the District's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (the "IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the District may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The District has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

Interest on the Notes may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the District as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers of the Notes at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

### Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Notes should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of holders to sell their Notes in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

### Original Issue Discount and Original Issue Premium

Certain of the Notes ("Discount Notes") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Note. The issue price of a Discount Note is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Notes of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Note over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Note (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Notes, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Note. A purchaser of a Discount Note in the initial public offering at the issue price (described above) for that Discount Note who holds that Discount Note to maturity will realize no gain or loss upon the retirement of that Discount Note.

Certain of the Notes ("Premium Notes") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes note premium. For federal income tax purposes, note premium is amortized over the period to maturity of a Premium Note, based on the yield to maturity of that Premium Note (or, in the case of a Premium Note callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Note), compounded semiannually. No portion of that note premium is deductible by the owner of a Premium Note. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Note, the owner's tax basis in the Premium Note is reduced by the amount of note premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Note for an amount equal to or less than the amount paid by the owner for that Premium Note. A purchaser of a Premium Note in the initial public offering who holds that Premium Note to maturity (or, in the case of a callable Premium Note to its earlier call date that results in the lowest yield on that Premium Note) will realize no gain or loss upon the retirement of that Premium Note.

***Owners of Discount and Premium Notes should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or note premium, the determination for federal income tax purposes of the amount of OID or note premium properly accruable or amortizable in any period with respect to the Discount or Premium Notes, other federal tax consequences in respect of OID and note premium, and the treatment of OID and note premium for purposes of state and local taxes on, or based on, income.***

## DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

### Legal Matters

Legal matters incident to the authorization, issuance, and sale of the Notes will be subject to the final approving opinion of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel to the District. Such opinion will be available at the time of delivery of and payment for the Notes and will be to the effect that the Notes are valid and legally binding special obligations of the District for the payment of which the District has validly pledged its faith and credit, and all the real property within the District subject to taxation by the District is subject to the levy of the District of ad valorem taxes, without limitation as to rate or amount subject to the provisions of Chapter 97 of the Laws of 2011, as amended for payment of the principal and interest on the Notes.

Chapter 97 of the Laws of 2011, as amended imposes a statutory limit on the power to the District to increase its annual real property tax levy based on formulae set forth therein, including such taxes to pay principal of and interest on the Notes. However, in the opinion of Bond Counsel, under current law, the limitations imposed by Chapter 97 of the Laws of 2011, as amended do not diminish the prior lien on the first revenues of the District set forth in the New York Constitution and established by the aforesaid pledge of the District's faith and credit requiring the District to raise the necessary moneys and to exceed normal real estate tax limitations to pay the principal of and interest on the Notes. Bond Counsel expresses no opinion on the validity of Chapter 97 of the Laws 2011, as amended under the applicable provisions of Article VIII of the New York Constitution.

Said opinions will also contain further statements to the effect that assuming continuing compliance with certain covenants and the accuracy of certain representations of the District contained in the records of proceedings relating to the authorization and issuance of the Notes, (a) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, (b) interest on the Notes is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York and the City of Yonkers; (c) the interest on the Notes may be subject to certain federal taxes imposed only on certain corporations, and (d) the enforceability of the Notes is subject to bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.

### Closing Certificates

Upon delivery of and payment for the Notes, the purchaser of the Notes will also receive, without cost, in form satisfactory to Bond Counsel, the following dated as of the date of delivery of and payment for the Notes: (a) a certificate or certificates evidencing execution, delivery and receipt of payment for the Notes, (b) a certificate or certificates executed by the officer of the District who executed the Notes on behalf of the District, stating that (1) no litigation is then pending or, to the knowledge of such officer, threatened to restrain or enjoin the issuance or delivery of the Notes, (2) no authority or proceedings for the issuance of the Notes has or have been repealed, revoked or rescinded, and (3) the statements contained in this Official Statement relating to the Notes, on the date thereof and on the date of delivery of and payment for the Notes, were and are true in all material respects and did not, and do not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, (c) a Tax Compliance Certificate executed by the President of the Board of Education of the District (d) the unqualified legal opinion as to the validity of the Notes of Squire Patton Boggs (US) LLP, New York, New York, Bond Counsel, and (e) a Continuing Disclosure Certificate relating to the Notes executed by the President of the Board of the District for purposes of the Rule.

## LITIGATION

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

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of bonds or notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of bonds or notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of bonds or 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, the form 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 municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes.

## CUSIP IDENTIFICATION NUMBERS

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

## RATING

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

Moody's Investors Service, Inc. ("Moody's") has assigned its underlying rating of "A2" to the District's outstanding bonds. Additional information may be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

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

Squire Patton Boggs (US) LLP, New York, 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. 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: Ji Katchuk, CPA, MBA, School Business Administrator, Central Administrative Office, 68 Wilson Creek Road, Newark Valley, New York 13811, Phone: (607) 642-8488, Fax: (607) 642-8821, Email: JKatchuk@nvcs.stier.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., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

**NEWARK VALLEY CENTRAL SCHOOL DISTRICT**

**Dated: July 19, 2024**

**RANDAL H. KERR**
**PRESIDENT OF THE BOARD OF EDUCATION AND**
**CHIEF FISCAL OFFICER**

## GENERAL FUND

### Balance Sheets

| Fiscal Years Ending June 30: | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Unrestricted Cash/Investments | $ 1,823,132 | $ 1,794,035 | $ 1,443,042 | $ 2,053,130 | $ 1,935,678 |
| Restricted Cash/Investments | 5,390,570 | 6,296,186 | 7,175,085 | 7,785,711 | 4,866,904 |
| Due from Other Governments | 614,569 | 668,081 | 669,815 | 611,136 | 650,416 |
| State and Federal Aid Receivable | 309,038 | 284,352 | 530,044 | 739,454 | 584,249 |
| Due from Other Funds | 277,437 | 332,926 | 526,831 | 180,724 | 465,035 |
| Other Receivables | 38,215 | 57,251 | 40,278 | 26,395 | 32,470 |
| Fiduciary Funds | 61,464 | - | - | - | - |
| Prepaid Expenses | - | - | - | - | - |
| TOTAL ASSETS | $ 8,514,425 | $ 9,432,831 | $ 10,385,095 | $ 11,396,550 | $ 8,534,752 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Accounts Payable | $ 137,309 | $ 351,655 | $ 301,001 | $ 256,712 | $ 375,833 |
| Accrued Liabilities | 100,353 | 50,499 | 75,129 | 100,063 | 124,196 |
| Due to Other Funds | - | - | 42,176 | 83,132 | 58,517 |
| Due to Other Governments | - | - | - | - | - |
| Due to Teachers' Retirement System | 917,431 | 763,986 | 810,382 | 922,309 | 1,007,692 |
| Due to Employees' Retirement System | 80,169 | 83,535 | 95,359 | 66,738 | 90,699 |
| Unearned Revenue | - | - | - | - | 192 |
| TOTAL LIABILITIES | $ 1,235,262 | $ 1,249,675 | $ 1,324,047 | $ 1,428,954 | $ 1,657,129 |
| FUND EQUITY | | | | | |
| Nonspendable | $ - | $ - | $ - | $ - | $ - |
| Restricted | 5,390,570 | 6,296,186 | 7,175,085 | 7,785,711 | 4,866,904 |
| Assigned | 895,034 | 882,105 | 885,063 | 1,097,283 | 884,682 |
| Unassigned | 993,559 | 1,004,865 | 1,000,900 | 1,084,602 | 1,126,037 |
| TOTAL FUND EQUITY | $ 7,279,163 | $ 8,183,156 | $ 9,061,048 | $ 9,967,596 | $ 6,877,623 |
| TOTAL LIABILITIES and FUND EQUITY | $ 8,514,425 | $ 9,432,831 | $ 10,385,095 | $ 11,396,550 | $ 8,534,752 |

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

## GENERAL FUND

### Revenues, Expenditures and Changes in Fund Balance

| Fiscal Years Ending June 30: | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Real Property Taxes | $ 6,462,193 | $ 6,598,084 | $ 6,688,014 | $ 6,782,890 | $ 6,849,159 |
| Other Tax Items | 1,543,242 | 1,505,771 | 1,435,530 | 1,365,922 | 1,299,164 |
| Charges for Services | 8,891 | 21,356 | 10,131 | 18,873 | 8,033 |
| Use of Money & Property | 107,365 | 84,530 | 4,563 | 8,765 | 223,977 |
| Sale of Property and Compensation for Loss | 22,961 | 4,507 | - | 2,113 | 1,395 |
| Miscellaneous | 825,994 | 353,950 | 337,147 | 490,031 | 369,027 |
| Interfund Revenues | - | - | - | - | - |
| Revenues from State Sources | 16,933,471 | 17,216,198 | 15,442,234 | 16,548,244 | 17,149,563 |
| Revenues from Federal Sources | 36,875 | 35,151 | 282,017 | 62,714 | 40,717 |
| Total Revenues | $ 25,940,992 | $ 25,819,547 | $ 24,199,636 | $ 25,279,552 | $ 25,941,035 |
| Other Sources: | | | | | |
| Interfund Transfers | - | 3 | 5,749 | 87,155 | - |
| Total Revenues and Other Sources | $ 25,940,992 | $ 25,819,550 | $ 24,205,385 | $ 25,366,707 | $ 25,941,035 |
| EXPENDITURES | | | | | |
| General Support | $ 2,675,635 | $ 2,771,826 | $ 2,790,286 | $ 3,012,101 | $ 3,153,383 |
| Instruction | 11,314,663 | 11,041,340 | 10,737,196 | 11,136,477 | 11,895,081 |
| Pupil Transportation | 1,099,055 | 1,060,991 | 1,096,645 | 1,271,166 | 1,247,088 |
| Community Services | 2,478 | 612 | - | - | - |
| Employee Benefits | 6,681,918 | 6,843,700 | 7,024,922 | 7,151,205 | 7,222,752 |
| Debt Service | - | - | - | 2,816 | 120,319 |
| Total Expenditures | $ 21,773,749 | $ 21,718,469 | $ 21,649,049 | $ 22,573,765 | $ 23,638,623 |
| Other Uses: | | | | | |
| Interfund Transfers | 2,776,660 | 3,197,088 | 1,678,444 | 1,886,394 | 5,392,385 |
| Total Expenditures and Other Uses | $ 24,550,409 | $ 24,915,557 | $ 23,327,493 | $ 24,460,159 | $ 29,031,008 |
| Excess (Deficit) Revenues Over Expenditures | 1,390,583 | 903,993 | 877,892 | 906,548 | (3,089,973) |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 5,888,580 | 7,279,163 | 8,183,156 | 9,061,048 | 9,967,596 |
| Prior Period Adjustments (net) | - | - | - | - | - |
| Fund Balance - End of Year | $ 7,279,163 | $ 8,183,156 | $ 9,061,048 | $ 9,967,596 | $ 6,877,623 |

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 Original Budget | 2023 Final Budget | 2023 Actual | 2024 Adopted Budget | 2025 Adopted Budget |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Real Property Taxes | $ 8,130,470 | $ 6,855,488 | $ 6,849,159 | $ 8,362,864 | $ 8,697,158 |
| Other Tax Items | 18,000 | 1,292,982 | 1,299,164 | 103,000 | - |
| Charges for Services | 10,000 | 10,000 | 8,033 | 8,500 | - |
| Use of Money & Property | 3,600 | 3,600 | 223,977 | 2,500 | - |
| Sale of Property and Compensation for Loss | - | - | 1,395 | - | - |
| Miscellaneous | 248,000 | 252,201 | 369,027 | 477,000 | 464,000 |
| Interfund Revenues | - | - | - | - | - |
| Revenues from State Sources | 17,129,121 | 17,129,121 | 17,149,563 | 18,145,320 | 19,149,380 |
| Revenues from Federal Sources | 18,000 | 18,000 | 40,717 | 18,000 | 18,000 |
| Total Revenues | $ 25,557,191 | $ 25,561,392 | $ 25,941,035 | $ 27,117,184 | $ 28,328,538 |
| Other Sources: | | | | | |
| Appropriated Reserves | $ 734,593 | $ 4,403,955 | $ - | $ 810,000 | $ 675,031 |
| Appropriated Fund Balance | 1,050,000 | 1,050,000 | - | 824,130 | 800,000 |
| Encumbrances carried from prior year | 47,283 | 47,283 | - | - | - |
| Interfund Transfers | - | - | - | - | - |
| Total Revenues and Other Sources | $ 27,389,067 | $ 31,062,630 | $ 25,941,035 | $ 28,751,314 | $ 29,803,569 |
| EXPENDITURES | | | | | |
| General Support | $ 3,408,482 | $ 3,564,648 | $ 3,153,383 | $ 3,554,932 | $ 3,702,815 |
| Instruction | 12,502,312 | 12,694,940 | 11,895,081 | 13,287,791 | 14,207,238 |
| Pupil Transportation | 1,535,004 | 1,564,154 | 1,247,088 | 1,564,209 | 1,669,452 |
| Community Services | 4,000 | 4,000 | - | 4,000 | 4,000 |
| Employee Benefits | 8,082,000 | 7,693,789 | 7,222,752 | 8,411,124 | 7,939,785 |
| Debt Service | - | 120,319 | 120,319 | - | - |
| Total Expenditures | $ 25,531,798 | $ 25,641,850 | $ 23,638,623 | $ 26,822,056 | $ 27,523,290 |
| Other Uses: | | | | | |
| Interfund Transfers | 1,857,269 | 5,420,780 | 5,392,385 | 1,929,258 | 2,280,279 |
| Total Expenditures and Other Uses | $ 27,389,067 | $ 31,062,630 | $ 29,031,008 | $ 28,751,314 | $ 29,803,569 |
| Excess (Deficit) Revenues Over Expenditures | - | - | (3,089,973) | - | - |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | - | - | 9,967,596 | - | - |
| Prior Period Adjustments (net) | - | - | - | - | - |
| Fund Balance - End of Year | $ - | $ - | $ 6,877,623 | $ - | $ - |

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

## BONDED DEBT SERVICE

| Fiscal Year Ending June 30th | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 1,110,000 | $ 375,950.00 | $ 1,485,950.00 |
| 2026 | 850,000 | 325,700.00 | 1,175,700.00 |
| 2027 | 465,000 | 283,200.00 | 748,200.00 |
| 2028 | 490,000 | 259,950.00 | 749,950.00 |
| 2029 | 510,000 | 235,450.00 | 745,450.00 |
| 2030 | 540,000 | 209,950.00 | 749,950.00 |
| 2031 | 565,000 | 182,950.00 | 747,950.00 |
| 2032 | 595,000 | 154,700.00 | 749,700.00 |
| 2033 | 445,000 | 124,950.00 | 569,950.00 |
| 2034 | 465,000 | 102,700.00 | 567,700.00 |
| 2035 | 485,000 | 84,100.00 | 569,100.00 |
| 2036 | 340,000 | 64,700.00 | 404,700.00 |
| 2037 | 145,000 | 51,100.00 | 196,100.00 |
| 2038 | 150,000 | 45,300.00 | 195,300.00 |
| 2039 | 155,000 | 40,800.00 | 195,800.00 |
| 2040 | 160,000 | 36,150.00 | 196,150.00 |
| 2041 | 160,000 | 31,350.00 | 191,350.00 |
| 2042 | 165,000 | 26,550.00 | 191,550.00 |
| 2043 | 170,000 | 21,600.00 | 191,600.00 |
| 2044 | 175,000 | 16,500.00 | 191,500.00 |
| 2045 | 185,000 | 11,250.00 | 196,250.00 |
| 2046 | 190,000 | 5,700.00 | 195,700.00 |
| TOTALS | $ 8,515,000 | $ 2,690,600.00 | $11,205,600.00 |

## CURRENT BONDS OUTSTANDING

| Fiscal Year Ending June 30th | 2019 Refunding of 2012 Bonds Principal | Interest | Total | 2021A DASNY Capital Project Principal | Interest | Total |
|---|---|---|---|---|---|---|
| 2025 | $ 585,000 | $ 45,500.00 | $ 630,500.00 | $ 525,000 | $ 330,450.00 | $ 855,450.00 |
| 2026 | 325,000 | 16,250.00 | 341,250.00 | 525,000 | 309,450.00 | 834,450.00 |
| 2027 | - | - | - | 465,000 | 283,200.00 | 748,200.00 |
| 2028 | - | - | - | 490,000 | 259,950.00 | 749,950.00 |
| 2029 | - | - | - | 510,000 | 235,450.00 | 745,450.00 |
| 2030 | - | - | - | 540,000 | 209,950.00 | 749,950.00 |
| 2031 | - | - | - | 565,000 | 182,950.00 | 747,950.00 |
| 2032 | - | - | - | 595,000 | 154,700.00 | 749,700.00 |
| 2033 | - | - | - | 445,000 | 124,950.00 | 569,950.00 |
| 2034 | - | - | - | 465,000 | 102,700.00 | 567,700.00 |
| 2035 | - | - | - | 485,000 | 84,100.00 | 569,100.00 |
| 2036 | - | - | - | 340,000 | 64,700.00 | 404,700.00 |
| 2037 | - | - | - | 145,000 | 51,100.00 | 196,100.00 |
| 2038 | - | - | - | 150,000 | 45,300.00 | 195,300.00 |
| 2039 | - | - | - | 155,000 | 40,800.00 | 195,800.00 |
| 2040 | - | - | - | 160,000 | 36,150.00 | 196,150.00 |
| 2041 | - | - | - | 160,000 | 31,350.00 | 191,350.00 |
| 2042 | - | - | - | 165,000 | 26,550.00 | 191,550.00 |
| 2043 | - | - | - | 170,000 | 21,600.00 | 191,600.00 |
| 2044 | - | - | - | 175,000 | 16,500.00 | 191,500.00 |
| 2045 | - | - | - | 185,000 | 11,250.00 | 196,250.00 |
| 2046 | - | - | - | 190,000 | 5,700.00 | 195,700.00 |
| TOTALS | $ 910,000 | $ 61,750.00 | $ 971,750.00 | $ 7,605,000 | $ 2,628,850.00 | $ 10,233,850.00 |

## MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Note

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the District

(m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(o) incurrence of a “financial obligation” 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 security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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# NEWARK VALLEY CENTRAL SCHOOL DISTRICT
## TIOGA, TOMPKINS, CORTLAND AND BROOME COUNTIES, NEW YORK

**AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2023**

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

# NEWARK VALLEY
# CENTRAL SCHOOL DISTRICT

## Newark Valley, New York

## FINANCIAL REPORT

## For the Year Ended
## June 30, 2023

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Certified Public Accountants | Business Advisors

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

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# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

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Certified Public Accountants | Business Advisors

# INDEPENDENT AUDITORS' REPORT

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Central School District
Newark Valley, New York

## Report on the Audit of the Financial Statements

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Newark Valley Central School District (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 School District, as of June 30, 2023, and the respective changes in financial position thereof 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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.

**Auditors' 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 auditors' 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 GAAS 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 GAAS 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 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 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; budgetary comparison schedules; the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; Schedule of Changes in the District's Total OPEB Liability and Related Ratios; and related notes 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information) and Schedule of Expenditures of Federal Awards, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2023 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the School District's internal control over financial reporting and compliance.

Respectfully submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 11, 2023

The following is a discussion and analysis of the Newark Valley Central School District's (the School District) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and Governmental Fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.

- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year; a Schedule of Changes in the District's Total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits; and information related to the School District's pension obligations.

### District-Wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide financial statements report the School District's net assets and how they have changed. Net position (the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources) is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

**Fund Financial Statements**

The Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds not on the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- Governmental Funds: Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds financial statements explains the relationship (or differences) between them.

- Fiduciary Funds: The School District is the trustee, or fiduciary, for assets that belong to others, such as the Student Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**JUNE 30, 2023**

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (*Figure 1*) and changes in net position *(Figure 2)* of the School District's Governmental Activities.

*Figure 1*

| *Condensed Statement of Net Position* | *Governmental Activities and Total School District* | | *Total Dollar Change* |
|---|---|---|---|
| | *2023* | *2022* | |
| *Current Assets* | **$ 8,112,373** | $ 4,223,986 | $ 3,888,387 |
| *Noncurrent Assets* | **4,996,416** | 16,943,151 | (11,946,735) |
| *Capital Assets, Net* | **38,361,729** | 38,868,293 | (506,564) |
| ***Total Assets*** | **51,470,518** | **60,035,430** | **(8,564,912)** |
| ***Total Deferred Outflows of Resources*** | **13,421,018** | **15,818,824** | **(2,397,806)** |
| *Current Liabilities* | **4,498,152** | 3,825,611 | 672,541 |
| *Noncurrent Liabilities* | **64,906,813** | 67,950,625 | (3,043,812) |
| ***Total Liabilities*** | **69,404,965** | **71,776,236** | **(2,371,271)** |
| ***Total Deferred Inflows of Resources*** | **22,573,022** | **32,080,174** | **(9,507,152)** |
| *Net Investment in Capital Assets* | **25,645,387** | 25,419,672 | 225,715 |
| *Restricted* | **7,975,134** | 8,836,703 | (861,569) |
| *Unrestricted (Deficit)* | **(60,706,972)** | (62,258,531) | 1,551,559 |
| ***Total Net (Deficit)*** | **$(27,086,451)** | **$(28,002,156)** | **$ 915,705** |

Significant changes from prior year are as follows:

- Total assets decreased 14.27%. This change was primarily the result of a change in the School District's net pension assets to net pension liabilities.
- Deferred outflows of resources decreased 15.16% and deferred inflows of resources decreased 29.64%. These changes are a result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for the other postemployment benefits (OPEB) plan.
- Total liabilities decreased 3.30%. This change stems primarily from a decrease in the School District's OPEB liability and bonds payable.
- Total net (deficit) decreased 3.27%. This is primarily a result of revenues in excess of expenses, as further discussed in *Figure 2*.

Our analysis in *Figure 2* considers the operations of the School District's activities.

***Figure 2***

| Changes in Net Position | Governmental Activities and Total School District | | Total Dollar Change |
|---|---|---|---|
| | 2023 | 2022 | |
| *REVENUES* | | | |
| *Program Revenues:* | | | |
| *Charges for Services* | **$ 195,683** | $ 135,625 | $ 60,058 |
| *Operating Grants* | **3,195,791** | 3,406,849 | (211,058) |
| *General Revenues:* | | | |
| *Real Property Taxes* | **6,849,159** | 6,782,890 | 66,269 |
| *Real Property Tax Items* | **1,299,164** | 1,365,922 | (66,758) |
| *State Sources* | **17,149,563** | 16,548,244 | 601,319 |
| *Use of Money and Property* | **236,980** | 11,647 | 225,333 |
| *Other General Revenues* | **298,461** | 413,171 | (114,710) |
| ***Total Revenues*** | **$ 29,224,801** | **$28,664,348** | **$ 560,453** |
| *PROGRAM EXPENSES* | | | |
| *General Support* | **$ 4,236,729** | $ 4,194,481 | $ 42,248 |
| *Instruction* | **20,644,299** | 18,817,472 | 1,826,827 |
| *Pupil Transportation* | **2,235,348** | 2,237,027 | (1,679) |
| *School Lunch Program* | **832,038** | 814,902 | 17,136 |
| *Interest on Debt* | **360,682** | 472,163 | (111,481) |
| ***Total Expenses*** | **$ 28,309,096** | **$26,536,045** | **$ 1,773,051** |
| ***CHANGE IN NET (DEFICIT)*** | **$ 915,705** | **$ 2,128,303** | **$ (1,212,598)** |

Significant changes from prior year are as follows:

- Total revenues for the School District's Governmental Activities increased by 1.96%, while total expenses increased by 6.68%.

- The increase in revenue is mainly due to an increase in state sources, due to an increase in the lottery aid and excess cost aid, as well as an increase in Use of Money and Property due to interest earnings. This is offset by decreases in operating grants related to federal reimbursement associated with the School District's breakfast and lunch programs.

- The increase in expenses is primarily due to an increase in the School District's pension expense in comparison to the prior year.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

*Figure 3* shows the changes in fund balances for the year for the School District's funds. Total fund balance decreased by 1.59%, primarily due to transfers from General Fund to the Capital Projects Fund for capital projects.

*Figure 3*

| Governmental Fund Balances | 2023 | 2022 | Total Dollar Change |
|---|---|---|---|
| General Fund | $ 6,877,623 | $ 9,967,596 | $ (3,089,973) |
| Capital Projects Fund | 2,036,730 | (879,435) | 2,916,165 |
| Non-Major Funds | 935,599 | 918,871 | 16,728 |
| Total Governmental Funds | $ 9,849,952 | $10,007,032 | $ (157,080) |

## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board approves budgetary transfers of $5,000 or more that revise the School District budget line items. These budget amendments consist of budget transfers between functions, which did not increase the overall budget for the year ended June 30, 2023. The School District did increase its overall budget based on appropriation of reserves and gifts and donations.

The School District received $379,643 more in General Fund revenues and other financing sources due to higher than anticipated interest and earnings. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by $1,971,070. This is primarily due to lower than expected general support and instructional programs, as well as pupil transportation and employee benefits.

*Figure 4* summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ended June 30, 2023.

*Figure 4*

| *Condensed Budgetary Comparison General Fund - 2023* | *Original Budget* | *Revised Budget* | *Actual w/ Encumbrances* | *Favorable (Unfavorable) Variance* |
|---|---|---|---|---|
| *REVENUES* | | | | |
| *Real Property Taxes* | $ 8,130,470 | $ 6,855,488 | $ 6,849,159 | $ (6,329) |
| *Other Tax Items* | 18,000 | 1,292,982 | 1,299,164 | 6,182 |
| *State Sources* | 17,129,121 | 17,129,121 | 17,149,563 | 20,442 |
| *Federal Sources* | - | - | - | - |
| *Other, Including Other Financing Sources* | 279,600 | 283,801 | 643,149 | 359,348 |
| ***Total Revenues and Other Financing Sources*** | **$25,557,191** | **$25,561,392** | **$ 25,941,035** | **$ 379,643** |
| ***Appropriated Fund Balances, Reserves, and Encumbrances*** | **$ 1,831,876** | **$ 5,501,238** | | |
| *EXPENDITURES* | | | | |
| *General Support* | $ 3,408,482 | $ 3,564,648 | $ 3,205,788 | $ 358,860 |
| *Instruction* | 12,502,312 | 12,694,940 | 11,901,972 | 792,968 |
| *Pupil Transportation* | 1,535,004 | 1,564,154 | 1,248,344 | 315,810 |
| *Community Services* | 4,000 | 4,000 | - | 4,000 |
| *Employee Benefits* | 8,082,000 | 7,693,789 | 7,222,752 | 471,037 |
| *Debt Service* | - | 120,319 | 120,319 | - |
| *Other Financing Uses* | 1,857,269 | 5,420,780 | 5,392,385 | 28,395 |
| ***Total Expenditures and Other Financing Uses*** | **$27,389,067** | **$31,062,630** | **$ 29,091,560** | **$ 1,971,070** |

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2023, the School District had invested in a broad range of capital assets totaling $64,354,891, including intangible lease assets; offset by accumulated depreciation and amortization of $25,738,366 and $254,796, respectively. *Figure 5* shows the changes in the School District's capital assets.

*Figure 5*

| *Changes in Capital Assets* | *2023* | *2022* | *Total Dollar Change* |
|---|---|---|---|
| *Land* | **$ 89,685** | $ 89,685 | $ - |
| *Construction in Progress* | **635,594** | 81,835 | 553,759 |
| *Buildings, Net* | **34,946,145** | 36,362,457 | (1,416,312) |
| *Furniture and Equipment, Net* | **2,486,655** | 2,229,524 | 257,131 |
| *Intangible Lease Assets, Net* | **203,650** | 104,792 | 98,858 |
| ***Total*** | **$38,361,729** | **$38,868,293** | **$ (506,564)** |

Capital asset activity for the year ended June 30, 2023 included the following:

| | |
|---|---|
| Construction in Progress | $ 553,759 |
| Buildings | 25,409 |
| Furniture and Equipment | 796,201 |
| Intangible Lease Asset Additions | 196,666 |
| **Total Additions** | 1,572,035 |
| (Less) Net Book Value of Disposed Equipment | (127,592) |
| (Less) Depreciation Expense | (1,853,199) |
| (Less) Amortization Expense | (97,808) |
| **Net Change in Capital Assets** | **$ (506,564)** |

**Debt Administration**
*Figure 6* shows the changes in the School District's outstanding debt. Total indebtedness represented 23.9% of the constitutional debt limit, exclusive of building aid estimates.

***Figure 6***

| *Outstanding Debt* | *Governmental Activities and Total School District* | | *Total Dollar Change* |
|---|---|---|---|
| | *2023* | *2022* | |
| *Bond Anticipation Notes* | **$ 1,107,000** | $ 1,043,100 | $ 63,900 |
| *Serial Bonds* | **11,265,928** | 12,418,166 | (1,152,238) |
| *Lease Liabilities* | **10,862** | 1,392 | 9,470 |
| *Total* | **$12,383,790** | **$13,462,658** | **$ (1,078,868)** |

Additional information on the maturities and terms of the School District's outstanding obligations can be found in the notes to these financial statements.

The School District's bond rating is AA-, which did not change from the prior year.

## FACTORS BEARING ON THE DISTRICT'S FUTURE

- Over the past ten years, the District's financing structure has been relatively stable. The District has seen State Aid increase for most of the ten year period. For 2023/2024 school year, the District will see a 5.93% increase in State Aid, which is the highest percentage increase in the ten year period. 63.11% of the 2023/2024 General Fund budgetwill be financed by State Aid compared with 61.61% ten years ago in 2014/2015.

- Over the years, the District has been keeping the General Fund budget increase at a moderate level - eight out of ten years, General Fund budget increase rates were lower than those of State Aid increase. In the meantime, the District has been utilizing reserves and other revenue sources to minimize tax levy increase. Nine out of ten years, Tax Levy increase rates were lower than those of General Fund Budget increase. In 2014/2015, local property taxes financed 31.77% of the General Fund budget. In 2023/2024, 29.09% of the General Fund budget will be financed by local property taxes.

- During this ten-year period, the General Fund budget increased by an average of 2.08% per year with exception of 4.87% a decrease in 2020/2021 fiscal year. State Aid increased by an average of 2.93% annually during the same time period with the highest two years being 5.50% in 2019/2020 and 5.93% in 2023/2024, and a decrease of 8.94% in 2020/2021 fiscal year. The average annual local property tax increase for the same period was 1.40% with lowest two years being 0.30% in2021/2022 and 0% in 2022/23.

- Although the District has seen State Aid increase in majority of the past ten years, if the State Aid share of the General Fund budget decrease in the future, the School District would experience higher local property tax levy increase than the past ten year's average. Since the District is now subject to the constraints of the tax levy limit formula imposed by the State, keeping General Fund budget increase in line with the funding constraints has been and will remain a crucial task for the District.

- From 2013/2014 to 2022/2023, School District enrollment (not including students attending BOCES and other schools) for Grades K to 12 has decreased from 1,223 pupils to 981 pupils. Based on this historical trend, student enrollment will continue to decline in the future. The decline in student enrollment could have an impact on future School District staffing levels as well as the amount of state and federal funds the District will receive.

- Although the COVID pandemic has been over, the District will still incur additional costs associated with complying with state safety regulations. Fiscally, the COVID pandemic has created a high degree of uncertainty. Under the American Rescue Plan, the district is receiving substantial funding through 2024 Fiscal Year. The District has received allocation of $1,303,093 with GEER & ESSER, payable from 3/13/20 to 9/30/23, $3,947,557 with ARP-ESSER and $2,196,715 with ARP-State Reserve, payable from 3/13/20 to 9/30/24. The funds will be used to address learning loss, summer school and after school programs, as well as facilities improvement and technology upgrade needs. The District plans to utilize these federal resources to fund one-time expense with lasting effects while minimizing impact on future general budget.

## CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Newark Valley Central School District, at 68 Wilson Creek Road, Newark Valley, New York 13811.

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## STATEMENT OF NET POSITION
## JUNE 30, 2023

| | |
|---|---|
| **ASSETS** | |
| **Current Assets** | |
| Cash - Unrestricted | $ 3,417,569 |
| Cash - Restricted | 2,995,415 |
| Receivables: | |
| State and Federal Aid | 988,393 |
| Due From Other Governments | 650,416 |
| Other | 32,859 |
| Inventories | 27,721 |
| **Total Current Assets** | 8,112,373 |
| | |
| **Noncurrent Assets** | |
| Cash - Restricted | 4,996,416 |
| Capital Assets, Net: | |
| Land and Other Nondepreciable Capital Assets | 725,279 |
| Depreciable Capital Assets, Net | 37,432,800 |
| Intangible Lease Assets, Net | 203,650 |
| **Total Noncurrent Assets** | 43,358,145 |
| | |
| **Total Assets** | 51,470,518 |
| | |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred Charges on Defeased Debt | 8,117 |
| Pensions | 6,193,719 |
| Other Postemployment Benefits | 7,219,182 |
| | |
| **Total Deferred Outflows of Resources** | 13,421,018 |

*See Notes to Basic Financial Statements*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

**STATEMENT OF NET POSITION (Continued)**
**JUNE 30, 2023**

| | |
|---|---|
| **LIABILITIES** | |
| **Current Liabilities** | |
| Payables: | |
| Accounts Payable | $ 725,498 |
| Accrued Liabilities | 136,547 |
| Due to Other Governments | 213 |
| Bond Interest and Matured Bonds | 53,684 |
| Bond Anticipation Notes Payable | 1,107,000 |
| Unearned Revenue | 191,188 |
| Due to Teachers' Retirement System | 1,007,692 |
| Due to Employees' Retirement System | 90,699 |
| Current Portion of Long-Term Obligations: | |
| Bonds Payable | 1,183,272 |
| Lease Liabilities | 2,359 |
| **Total Current Liabilities** | 4,498,152 |
| **Noncurrent Liabilities** | |
| Bonds Payable | 10,082,656 |
| Lease Liabilities | 8,503 |
| Compensated Absences Payable | 1,012,750 |
| Other Postemployment Benefits Liability | 51,100,339 |
| Net Pension Liability - Proportionate Share | 2,702,565 |
| **Total Noncurrent Liabilities** | 64,906,813 |
| **Total Liabilities** | 69,404,965 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Pensions | 544,104 |
| Other Postemployment Benefits | 22,028,918 |
| **Total Deferred Inflows of Resources** | 22,573,022 |
| **NET POSITION** | |
| Net Investment in Capital Assets | 25,645,387 |
| Restricted Net Position | 7,975,134 |
| Unrestricted (Deficit) | (60,706,972) |
| **Total Net (Deficit)** | **$ (27,086,451)** |

*See Notes to Basic Financial Statements*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED JUNE 30, 2023

| | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants | Program Revenues: Capital Grants | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|---|
| **FUNCTIONS/PROGRAMS** | | | | | |
| General Support | $ 4,236,729 | $ - | $ - | $ - | $ (4,236,729) |
| Instruction | 20,644,299 | 48,750 | 2,495,505 | - | (18,100,044) |
| Pupil Transportation | 2,235,348 | - | - | - | (2,235,348) |
| School Lunch Program | 832,038 | 146,933 | 700,286 | - | 15,181 |
| Interest on Debt | 360,682 | - | - | - | (360,682) |
| **Total Functions and Programs** | **$ 28,309,096** | **$ 195,683** | **$ 3,195,791** | **$ -** | **(24,917,622)** |
| | **GENERAL REVENUES** | | | | |
| | Real Property Taxes | | | | 6,849,159 |
| | Real Property Tax Items | | | | 1,299,164 |
| | Use of Money and Property | | | | 236,980 |
| | State Sources | | | | 17,149,563 |
| | Sale of Property and Compensation for Loss | | | | (126,197) |
| | Miscellaneous | | | | 424,658 |
| | **Total General Revenues** | | | | 25,833,327 |
| | Change in Net Position | | | | 915,705 |
| | Total Net (Deficit) - Beginning of Year | | | | (28,002,156) |
| | **Total Net (Deficit) - End of Year** | | | | **$ (27,086,451)** |

*See Notes to Basic Financial Statements*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## BALANCE SHEET - GOVERNMENTAL FUNDS
## JUNE 30, 2023

| | Major Funds | | | |
|---|---|---|---|---|
| | General Fund | Capital Projects Fund | Non-Major Governmental Funds | Total Governmental Funds |
| **ASSETS** | | | | |
| Cash - Unrestricted | $ 1,935,678 | $ 1,447,669 | $ 34,222 | $ 3,417,569 |
| Cash - Restricted | 4,866,904 | 2,036,730 | 1,088,197 | 7,991,831 |
| Due From Other Funds | 465,035 | - | - | 465,035 |
| State and Federal Aid | 584,249 | - | 404,144 | 988,393 |
| Due From Other Governments | 650,416 | - | - | 650,416 |
| Other Receivables | 32,470 | - | 389 | 32,859 |
| Inventories | - | - | 27,721 | 27,721 |
| **Total Assets** | **$ 8,534,752** | **$ 3,484,399** | **$ 1,554,673** | **$ 13,573,824** |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 375,833 | $ 340,669 | $ 8,996 | $ 725,498 |
| Accrued Liabilities | 124,196 | - | 12,351 | 136,547 |
| Due to Other Funds | 58,517 | - | 406,518 | 465,035 |
| Due to Other Governments | - | - | 213 | 213 |
| Bond Anticipation Notes Payable | - | 1,107,000 | - | 1,107,000 |
| Unearned Revenue | 192 | - | 190,996 | 191,188 |
| Due to Teachers' Retirement System | 1,007,692 | - | - | 1,007,692 |
| Due to Employees' Retirement System | 90,699 | - | - | 90,699 |
| **Total Liabilities** | 1,657,129 | 1,447,669 | 619,074 | 3,723,872 |
| **FUND BALANCES** | | | | |
| Nonspendable | - | - | 27,721 | 27,721 |
| Restricted | 4,866,904 | 2,036,730 | 1,071,500 | 7,975,134 |
| Assigned | 884,682 | - | - | 884,682 |
| Unassigned | 1,126,037 | - | (163,622) | 962,415 |
| **Total Fund Balances (Deficit)** | 6,877,623 | 2,036,730 | 935,599 | 9,849,952 |
| **Total Liabilities and Fund Balances** | **$ 8,534,752** | **$ 3,484,399** | **$ 1,554,673** | **$ 13,573,824** |

*See Notes to Basic Financial Statements*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
## TO THE STATEMENT OF NET POSITION
## JUNE 30, 2023

| | | |
|---|---|---|
| **Fund Balances - Total Governmental Funds** | | **$ 9,849,952** |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | | |
| Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. | | |
| Total Historical Cost | $ 64,354,891 | |
| Less Accumulated Depreciation | (25,738,366) | |
| Less Accumulated Amortization | (254,796) | 38,361,729 |
| The School District's proportion of the collective net pension liability is not reported in the funds. | | |
| TRS Net Pension Liability - Proportionate Share | $ (908,968) | |
| ERS Net Pension Liability - Proportionate Share | (1,793,597) | (2,702,565) |
| Deferred outflows of resources, including deferred charges on defeased debt, pensions, and other postemployment benefits, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including pensions, and other postemployment benefits represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds. | | |
| Deferred Charges on Defeased Debt | $ 8,117 | |
| Other Postemployment Benefits Deferred Outflows of Resources | 7,219,182 | |
| Other Postemployment Benefits Deferred Inflows of Resources | (22,028,918) | |
| TRS Deferred Inflows of Resources - Pension | (463,586) | |
| ERS Deferred Inflows of Resources - Pension | (80,518) | |
| TRS Deferred Outflows of Resources - Pension | 4,855,966 | |
| ERS Deferred Outflows of Resources - Pension | 1,337,753 | (9,152,004) |
| Long-term bonds payable and lease liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds Payable | $ (9,580,000) | |
| Lease Liabilities | (10,862) | |
| Unamortized Bond Premium | (1,685,928) | (11,276,790) |
| Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds. | | |
| Compensated Absences | $ (1,012,750) | |
| Other Postemployment Benefits Liability | (51,100,339) | |
| Accrued Interest on Long-Term Debt | (53,684) | (52,166,773) |
| **Net (Deficit) of Governmental Activities** | | **$ (27,086,451)** |

*See Notes to Basic Financial Statements*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

| | Major Funds | | | |
|---|---|---|---|---|
| | General Fund | Capital Projects Fund | Non-Major Governmental Funds | Total Governmental Funds |
| **REVENUES** | | | | |
| Real Property Taxes | $ 6,849,159 | $ - | $ - | $ 6,849,159 |
| Other Tax Items | 1,299,164 | - | - | 1,299,164 |
| Charges for Services | 8,033 | - | - | 8,033 |
| Use of Money and Property | 223,977 | - | 13,003 | 236,980 |
| Sale of Property and Compensation for Loss | 1,395 | - | - | 1,395 |
| Miscellaneous | 369,027 | - | 55,631 | 424,658 |
| State Sources | 17,149,563 | - | 392,331 | 17,541,894 |
| Medicaid Reimbursement | 40,717 | - | - | 40,717 |
| Federal Sources | - | - | 2,803,460 | 2,803,460 |
| Sales - School Lunch | - | - | 146,933 | 146,933 |
| **Total Revenues** | 25,941,035 | - | 3,411,358 | 29,352,393 |
| **EXPENDITURES** | | | | |
| General Support | 3,153,383 | - | 339,059 | 3,492,442 |
| Instruction | 11,895,081 | - | 2,233,412 | 14,128,493 |
| Pupil Transportation | 1,247,088 | - | 21,588 | 1,268,676 |
| Employee Benefits | 7,222,752 | - | 463,087 | 7,685,839 |
| Debt Service: | | | | |
| Principal | 119,891 | - | 1,360,600 | 1,480,491 |
| Interest | 428 | - | 467,971 | 468,399 |
| Cost of Sales | - | - | 332,102 | 332,102 |
| Capital Outlay | - | 1,138,121 | - | 1,138,121 |
| **Total Expenditures** | 23,638,623 | 1,138,121 | 5,217,819 | 29,994,563 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,302,412 | (1,138,121) | (1,806,461) | (642,170) |
| **OTHER FINANCING SOURCES AND (USES)** | | | | |
| BANs Redeemed from Appropriations | - | 345,600 | - | 345,600 |
| Premium on Obligations | - | - | 10,129 | 10,129 |
| Proceeds of Obligations | - | 129,361 | - | 129,361 |
| Operating Transfers In | - | 3,579,325 | 1,845,060 | 5,424,385 |
| Operating Transfers (Out) | (5,392,385) | - | (32,000) | (5,424,385) |
| **Total Other Sources (Uses)** | (5,392,385) | 4,054,286 | 1,823,189 | 485,090 |
| Net Change in Fund Balance | (3,089,973) | 2,916,165 | 16,728 | (157,080) |
| Fund Balances (Deficit) - Beginning of Year | 9,967,596 | (879,435) | 918,871 | 10,007,032 |
| **Fund Balances (Deficit) - End of Year** | **$ 6,877,623** | **$ 2,036,730** | **$ 935,599** | **$ 9,849,952** |

*See Notes to Basic Financial Statements*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Funds** | | **$ (157,080)** |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the net change in capital assets. | | |
| Capital Outlay | $ 1,572,035 | |
| Depreciation Expense | (1,853,199) | |
| Net Book Value of Disposed Assets | (127,592) | |
| Amortization Expense | (97,808) | (506,564) |
| Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the Governmental Funds, but the repayment reduces long-term debt in the Statement of Net Position. | | |
| Proceeds of Leases | $ (129,361) | |
| Repayment of Leases | 119,891 | |
| Principal Payment - Bonds | 1,015,000 | |
| Amortization of Bond Premium | 137,238 | 1,142,768 |
| Long-term obligations, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements. This is the change in the amount of compensated absences and other postemployment benefit liability reported in the Statement of Activities. | | |
| Compensated Absences | $ (39,227) | |
| Other Postemployment Benefits Liability | 1,153,355 | 1,114,128 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. This is the change in interest payable. | | (33,730) |
| The issuance of refunding bonds results in a deferral of the difference between the old and new debt. The deferred amount is amortized annually. This is the current amortization. | | |
| Amortization of Deferred Charges on Defeased Debt | | (5,920) |
| Changes in the School District's proportionate share of net pension (asset)/liability have no effect on current financial resources and therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows of resources and deferred inflows of resources related to pensions do not affect current financial resources and are also not reported in the Governmental Funds. | | |
| ERS | $ (364,087) | |
| TRS | (273,810) | (637,897) |
| **Net Change in Net Position of Governmental Activities** | | **$ 915,705** |

*See Notes to Basic Financial Statements*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

**STATEMENT OF FIDUCIARY NET POSITION**
**JUNE 30, 2023**

| | Custodial Fund |
|---|---|
| **ASSETS** | |
| Cash - Unrestricted | $ 62,544 |
| **Total Assets** | **$ 62,544** |
| **NET POSITION** | |
| Unrestricted | $ 62,544 |
| **Total Net Position** | **$ 62,544** |

*See Notes to Basic Financial Statements*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## FOR THE YEAR ENDED JUNE 30, 2023

| | Custodial Fund |
|---|---|
| **ADDITIONS** | |
| Extraclassroom Receipts | $ 205,171 |
| **Total Additions** | 205,171 |
| **DEDUCTIONS** | |
| Extraclassroom Disbursements | 203,079 |
| Change in Net Position | 2,092 |
| Net Position - Beginning of Year | 60,452 |
| **Net Position - End of Year** | **$ 62,544** |

*See Notes to Basic Financial Statements*

*Note 1* **Summary of Significant Accounting Policies**

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

**Reporting Entity**

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended:

- The primary government, which is the School District;
- 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 basic financial statements to be misleading or incomplete.

The accompanying 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 Extraclassroom Activity Funds are included in the School District's reporting entity.

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. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 68 Wilson Creek Road, Newark Valley, New York 13811.

**Joint Venture**

The School District is one of 15 component school districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Joint Venture - Continued**

The Tioga Central School District is one of 15 component School Districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities. 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 (GML).

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

Separate financial statement of Broome-Tioga BOCES may be obtained by contacting the Business Office, Broome Tioga BOCES, 435 Upper Glenwood Road, Binghamton, NY 13905-1699.

**Basis of Presentation - District-Wide Financial 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, while the capital grants column reflects capital-specific grants.

*Note 1* **Summary of Significant Accounting Policies – Continued**

**Basis of Presentation - District-Wide Financial Statements - Continued**
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 clearly identifiable to a particular function. Indirect expenses relate to the administration and support and pension of the School District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. 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.

**Basis of Presentation - Governmental Fund Financial Statements**
The Governmental Fund financial 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 Governmental Fund financial statements is on Major Governmental Funds, each displayed in a separate column. The School District reports the following Major Governmental Funds.

**Major Funds**

- General Fund: The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.

- Capital Projects Fund: Accounts for financial resources used for renovation of the School District's educational complex and purchase of buses.

**Non-Major Funds**

- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

  - Special Aid Fund: Accounts for proceeds received from state and federal grants that are restricted for special educational programs.

  - School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.

  - Miscellaneous Special Revenue Fund: Used to account for student scholarships whose funds are restricted as to use.

- Debt Service Fund: Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

*Note 1* **Summary of Significant Accounting Policies - Continued**

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.

The School District reports the following Fiduciary Fund:

- Custodial Fund: Assets are held by the School District as an agent for Extraclassroom Activity Funds.

**Measurement Focus and Basis of Accounting**

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

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if collected within sixty days after the end of the year.

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

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Cash and Investments**
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. Investments are stated at fair value. 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.

**Accounts Receivable**
Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

**Due To/From Other Funds**
Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

**Inventories and Prepaid Items**
Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Nonspendable fund balances associated with these non-liquid assets (inventories and prepaid items) have been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Capital Assets**
Capital assets are reported at actual cost, including the right to use assets acquired through financed lease arrangements. Donated assets are reported at estimated fair value at the time received.

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

| | Capitalization Threshold | Estimated Useful Life |
|---|---|---|
| Buildings | $ 5,000 | 20-40 Years |
| Building Improvements | 5,000 | 15-20 Years |
| Furniture and Equipment | 5,000 | 5-8 Years |

Capital assets are depreciated using the straight line method, and amortizes its intangible assets in line with its lease liability payments.

**Vested Employee Benefits - Compensated Absences**
Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

School District employees are granted vacation time 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.

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on pay rates in effect at year end.

In the Governmental Fund financial statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Postemployment Benefits**
School District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postretirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 12 for additional information.

**Deferred Outflows and Deferred Inflows 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 School District reports a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows of resources related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 11 and 12, respectively.

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 School District reports items that qualify for reporting in this category. The other types of deferred inflows of resources are related to pensions and OPEB as described in Notes 11 and 12, respectively.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Leases**

The School District determines if an arrangement is or contains a lease at inception. The School District records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. The School District uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the School District elects to use its incremental borrowing rate in calculating present value of lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and the School District will recognize short-term lease expense for these leases on a straight-line basis over the lease term.

The School District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liabilities and is included in the education expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals, and payments associated with non-lease components are expensed as incurred.

**Unearned Revenues**

Unearned revenues 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 the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

**Overpayments and Collections in Advance**

Overpayments and collections in advance 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 the School District has legal claim to the resources, the liability is removed, and revenues are recorded.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**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 of current financial resources. Claims and judgments, other postemployment benefit payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund's financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the School 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.

**Restricted Resources**
When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

**Equity Classifications - District-Wide Financial Statements**
Equity is classified as net assets and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted - Consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Equity Classifications - Governmental Fund Financial Statements**
Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.

- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.

- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority, the Board of Education, prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.

- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

- Unassigned - Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Equity Classifications - Governmental Fund Financial Statements - Continued**
The Board of Education of the School District has not adopted any resolutions to commit or assign fund balance. Currently, fund balance is assigned by the Business Official for encumbrances and the Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

**Legally Adopted Reserves**
Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the State of New York. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance, except as noted. Reserves currently in use by the School District include the following:

- Unemployment Insurance Reserve (GML §6-m) - Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 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.

- Capital Reserve (Education Law §3651) - Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the 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 reserves only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserves and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Legally Adopted Reserves - Continued**

- Retirement Contribution Reserves (GML §6-r) - Used to reserve funds for the payment of retirement contributions, due to volatility in the economic marketplace. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. 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 subfund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the General Fund.

- Property Loss Reserve and Liability Reserve (Education Law §1709(8)(c) - Used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these services may not in total exceed 3% of annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by School Districts, except city School Districts with a population greater than 125,000. This reserve is accounted for in the General Fund.

- Repair Reserve (GML §6-m) - Used to pay the cost of repairs to capital improvements or equipment, for repairs which are of a type not recurring annually. The Board of Education without voter approval may establish a Repair Reserve by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the Repair Reserve over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

**Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 4 and became lien on August 29, 2022. Taxes were collected during the period September 1, 2022 to October 31, 2022.

Uncollected real property taxes are subsequently enforced by the counties of Tioga, Broome, Cortland, and Tompkins. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the county to the School District no later than the following April 1.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Interfund Transfers**
The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

**Use of 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, postemployment benefits, potential contingent liabilities, and useful lives of long-lived assets.

**New Accounting Standard**
The School District adopted and implemented the following current Statement of the GASB effective for the year ended June 30, 2023:

- GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." The School District evaluated this pronouncement and determined there was no material impact on its financial statements.

**Future Changes in Accounting Standards**

- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.

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

*Note 2* **Participation in BOCES**
During the year ended June 30, 2023, the School District's share of BOCES income amounted to $1,395,174. The School District was billed $3,403,755 for BOCES administration and program costs. Financial statements for the Broome-Tioga BOCES are available from the BOCES administrative office at 435 Upper Glenwood Road, Binghamton, New York, 13905.

*Note 3* **Cash, Cash Equivalents and Investments - Custodial and Concentration of Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of $11,601,937, excluding investments, are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

Restricted cash and investments consists of the following at June 30, 2023:

| | |
|---|---|
| Restricted for General Fund Reserves | $ 4,866,904 |
| Restricted for School Lunch | 432,922 |
| Restricted for Debt Service | 525,763 |
| Restricted for Capital Projects | 2,036,730 |
| Restricted for Scholarships | 129,512 |
| Subtotal | 7,991,831 |
| **Total** | **$ 7,991,831** |

The School District has few investments (primarily United States Treasury obligations) and chooses to disclose its investments by specifically identifying each.

The School District categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2023, the School District did not have any investments.

*Note 4* **Due from State, Federal, and Other Governments**

State and federal aid, and other government receivables consisted of the following, which are stated at net realizable value.

| Description | Amount |
|---|---|
| BOCES September Aid | $ 650,416 |
| **Total Due from Other Governments** | **$ 650,416** |
| Excess Cost Aid | $ 328,743 |
| General Aid | 255,506 |
| Federal CARES Act | 245,944 |
| Federal Aid | 74,314 |
| Universal Prekindergarten | 26,835 |
| School Lunch | 45,585 |
| Miscellaneous | 11,466 |
| **Total State and Federal Aid** | **$ 988,393** |

*Note 5* **Interfund Balances and Activity**

Interfund balances at June 30, 2023, are as follows:

| | Interfund Receivable | Interfund Payable | Interfund Revenues | Interfund Expenditures |
|---|---|---|---|---|
| General Fund | $ 465,035 | $ 58,517 | $ - | $ 5,392,385 |
| Capital Projects Fund | - | - | 3,579,325 | - |
| Non-Major Funds | - | 406,518 | 1,845,060 | 32,000 |
| **Total** | **$ 465,035** | **$ 465,035** | **$5,424,385** | **$ 5,424,385** |

Interfund receivables and payables are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Projects Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as excess funds are accumulated from the School Lunch Fund.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

## NOTES TO FINANCIAL STATEMENTS
## JUNE 30, 2023

*Note 6* **Capital Assets**

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

| Governmental Activities | Beginning Balance | Additions | Reclassifications and Disposals | Ending Balance |
|---|---|---|---|---|
| Capital Assets That Are Not Depreciated: | | | | |
| Land | $ 89,685 | $ - | $ - | $ 89,685 |
| Construction in Progress | 81,835 | 553,759 | - | 635,594 |
| **Total Nondepreciable Historical Cost** | 171,520 | 553,759 | - | 725,279 |
| Capital Assets That Are Depreciated: | | | | |
| Buildings | 57,242,167 | 25,409 | - | 57,267,576 |
| Furniture and Equipment | 5,649,483 | 796,201 | (542,094) | 5,903,590 |
| **Total Depreciable Historical Cost** | 62,891,650 | 821,610 | (542,094) | 63,171,166 |
| Intangible Lease Assets: | | | | |
| Equipment | 261,780 | 196,666 | - | 458,446 |
| **Total Historical Cost** | 63,324,950 | 1,572,035 | (542,094) | 64,354,891 |
| (Less) Accumulated Depreciation: | | | | |
| Buildings | (20,879,710) | (1,441,721) | - | (22,321,431) |
| Furniture and Equipment | (3,419,959) | (411,478) | 414,502 | (3,416,935) |
| **Total Accumulated Depreciation** | (24,299,669) | (1,853,199) | 414,502 | (25,738,366) |
| (Less) Accumulated Amortization | | | | |
| Equipment | (156,988) | (97,808) | - | (254,796) |
| **Total Historical Cost, Net** | **$ 38,868,293** | **$ (378,972)** | **$ (127,592)** | **$ 38,361,729** |

Depreciation and amortization expense was charged to governmental functions as follows:

| | |
|---|---|
| General Support | $ 371,882 |
| Instruction | 1,093,690 |
| Pupil Transportation | 479,443 |
| School Lunch Program | 5,992 |
| **Total** | **$ 1,951,007** |

*Note 7* **Short-Term Debt**

The School District may issue revenue anticipation notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the General Fund. There were no RANs issued or redeemed during the year.

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued. The School District did not issue or redeem any budget notes during the year.

The School District may issue bond anticipation notes (BANs), 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 BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. BAN activity for the year is as follows:

| Description of Issue | Interest Rate | Maturity Date | Beginning Balance | Issued | Renewed or Redeemed | Ending Balance |
|---|---|---|---|---|---|---|
| BAN 2022 - Buses | 0.28% | 09/02/2022 | $ 1,043,100 | $ - | $ (1,043,100) | $ - |
| BAN 2023 - Buses | 4.00% | 09/01/2023 | - | 1,107,000 | - | 1,107,000 |
| **Total** | | | **$ 1,043,100** | **$ 1,107,000** | **$ (1,043,100)** | **$ 1,107,000** |

Interest expense related to short-term debt during the year was:

| | |
|---|---|
| Interest Paid | $ 2,921 |
| Premium on BAN Obligations | (10,129) |
| (Less) Interest Accrued in the Prior Year | (2,418) |
| Plus Interest Accrued in the Current Year | 36,654 |
| **Total** | **$ 27,028** |

*Note 8* **Long-Term Debt**

At June 30, 2023, the total outstanding indebtedness of the School District represented 23.9% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows.

Serial Bonds - The School District borrows money in order to acquire land or equipment or to construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

The following is a summary of the School District's bonds payable and long-term debt for the year ended June 30, 2023.

| | Issue Date | Final Maturity | Interest Rate | Outstanding June 30, 2023 |
|---|---|---|---|---|
| Refunding Bond | 06/15/2020 | 06/15/2026 | 4.0% - 5.0% | $ 1,470,000 |
| DASNY Bond | 06/15/2021 | 06/15/2046 | 3.0% - 4.0% | 8,110,000 |
| Total Bond Principal | | | | 9,580,000 |
| Unamortized Premium | | | | 1,685,928 |
| **Total** | | | | **$ 11,265,928** |

Interest expense related to long-term debt during the year was comprised of:

| | |
|---|---|
| Interest Paid | $ 465,050 |
| (Less) Interest Accrued in the Prior Year | (17,536) |
| (Less) Premium Recognized in the Current | (137,238) |
| Plus Interest Accrued in the Current Year | 17,030 |
| Plus Amortization of Deferred Charges on Defeased Debt | 5,920 |
| **Total** | **$ 333,226** |

Interest rates on the serial bonds vary from year to year, in accordance with the interest rates specified in the bond agreements.

Long-term debt balances and activity for the year are summarized below:

| Governmental Activities | Beginning Balance | Issued | Redeemed | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Serial Bonds | $ 10,595,000 | $ - | $ (1,015,000) | $ 9,580,000 | $ 1,065,000 |
| Unamortized Premiums | 1,823,166 | - | (137,238) | 1,685,928 | 118,272 |
| **Total** | **$ 12,418,166** | **$ -** | **$ (1,152,238)** | **$11,265,928** | **$ 1,183,272** |

*Note 8* **Long-Term Debt - Continued**

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. Deferred charges on defeased debt are summarized as follows:

| Governmental Activities | Beginning Balance | Issued | Redeemed | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Deferred Charges on Defeased Debt | $ (14,037) | $ - | $ (5,920) | $ (8,117) | $ (4,269) |
| **Total** | **$ (14,037)** | **$ -** | **$ (5,920)** | **$ (8,117)** | **$ (4,269)** |

The following is a summary of the maturity of long-term indebtedness.

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 1,065,000 | $ 419,150 | $ 1,484,150 |
| 2025 | 1,110,000 | 375,950 | 1,485,950 |
| 2026 | 850,000 | 325,700 | 1,175,700 |
| 2027 | 465,000 | 283,200 | 748,200 |
| 2028 | 490,000 | 259,950 | 749,950 |
| 2029-2033 | 2,655,000 | 908,000 | 3,563,000 |
| 2034-2038 | 1,585,000 | 347,900 | 1,932,900 |
| 2039-2043 | 810,000 | 156,450 | 966,450 |
| 2044-2046 | 550,000 | 33,450 | 583,450 |
| **Total** | **$ 9,580,000** | **$ 3,109,750** | **$ 12,689,750** |

On June 15, 2020, the School District issued $3,510,000 in general obligation bonds, with interest rates ranging between 4.0% and 5.0%. The School District issued the bonds to advance refund the $3,825,000 of outstanding various general obligation bonds with interest rates ranging from 2.0% to 3.0%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the $3,825,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was $1,560,000 at June 30, 2023.

*Note 9* **Compensated Absences**

Represents the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.

Compensated absences balance and activity are summarized below:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Compensated Absences | $ 973,523 | $ 39,227 | $ - | **$ 1,012,750** |

Changes to long-term compensated absences are reported net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year.

*Note 10* **Lease Liabilities**

The School District enters into lease agreements for certain equipment that are considered leases. The School District is not party to any material short term leases, and current leases do not require any variable payments.

At June 30, 2023, the School District reported $432,825, offset by accumulated amortization of $240,037, in intangible lease assets that were not included in the lease liability below.

Lease liabilities as of June 30, 2023 are as follows:

| Description of Lease | Issue Date | Final Maturity | Discount Rate | Outstanding June 30, 2023 |
|---|---|---|---|---|
| Postage Machine-3 | 12/12/2022 | 9/12/2027 | 4.57% | $ 6,989 |
| Postage Machine-4 | 12/12/2022 | 9/12/2027 | 4.57% | 3,873 |
| **Total** | | | | **$ 10,862** |

The following is a summary of the maturity of lease liabilities:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 2,359 | $ 456 | $ 2,815 |
| 2025 | 2,468 | 347 | 2,815 |
| 2026 | 2,583 | 232 | 2,815 |
| 2027 | 2,703 | 112 | 2,815 |
| 2028 | 749 | 9 | 758 |
| **Total** | **$ 10,862** | **$ 1,156** | **$ 12,018** |

Interest paid for the current year amounted to $428.

*Note 11* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

**Plan Descriptions and Benefits Provided**

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

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary.

Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. 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.

*Note 11* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Plan Descriptions and Benefits Provided - Continued**

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

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

**Summary of Significant Accounting Policies**
The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

*Note 11* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Contributions**

The School District is required to contribute at an actuarially determined rate. The School District's contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding Plan years were as follows:

| | ERS | TRS |
|---|---|---|
| **2023** | **$ 310,377** | **$ 819,354** |
| 2022 | 381,396 | 735,129 |
| 2021 | 339,535 | 697,995 |

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

At June 30, 2023, the School District reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset)/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

| | ERS | TRS |
|---|---|---|
| Actuarial Valuation Date | 04/01/2022 | 06/30/2021 |
| Net Pension (Asset)/Liability | $ 21,444,032,790 | $ 1,918,891,690 |
| School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability | 1,793,597 | 908,968 |
| School District's Share of the Plan's Net Pension (Asset)/Liability | 0.0083641% | 0.047369% |

*Note 11* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

For the year ended June 30, 2023, the School District recognized pension expense of $699,250 for ERS and $1,172,027 for TRS in the District-wide financial statements. At June 30, 2023 the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| | ERS | TRS | ERS | TRS |
| Differences Between Expected and Actual Experience | $ 191,032 | $ 952,483 | $ 50,371 | $ 18,214 |
| Changes of Assumptions | 871,086 | 1,763,243 | 9,627 | 366,158 |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments | - | 1,174,472 | 10,537 | - |
| Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions | 184,936 | 70,175 | 9,983 | 79,214 |
| School District's Contributions Subsequent to the Measurement Date | 90,699 | 895,593 | - | - |
| **Total** | **$ 1,337,753** | **$ 4,855,966** | **$ 80,518** | **$ 463,586** |

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

| Year Ending | ERS | TRS |
|---|---|---|
| 2024 | $ 297,210 | $ 683,895 |
| 2025 | (44,200) | 355,048 |
| 2026 | 400,860 | (144,202) |
| 2027 | 512,666 | 2,308,673 |
| 2028 | - | 287,631 |
| Thereafter | - | 5,742 |

*Note 11* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

Significant actuarial assumptions used in the valuations were as follows:

| | ERS | TRS |
|---|---|---|
| Measurement Date | March 31, 2023 | June 30, 2022 |
| Actuarial Valuation Date | April 1, 2022 | June 30, 2021 |
| Investment Rate of Return | 5.9% | 6.95% |
| Salary Increases | 4.4% | 1.95% - 5.18% |
| Cost of Living Adjustment | 1.5% | 1.3% |
| Inflation Rate | 2.9% | 2.4% |

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

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

*Note 11* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Actuarial Assumptions - Continued**

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

| | ERS | TRS |
|---|---|---|
| Measurement Date | March 31, 2023 | June 30, 2022 |
| **Asset Type** | | |
| Domestic Equity | 4.30% | 6.50% |
| International Equity | 6.85% | 7.20% |
| Global Equity | - | 6.90% |
| Real Estate | 4.60% | 6.20% |
| Private Equity | 7.50% | 9.90% |
| Opportunistic/Absolute Return Portfolio | 5.38% | - |
| Real Assets | 5.84% | - |
| Cash | - | - |
| Credit | 1.50% | - |
| Domestic Fixed Income | - | 1.10% |
| Global Bonds | - | 0.60% |
| Private Debt | - | 5.30% |
| Real Estate Debt | - | 2.40% |
| High-Yield Fixed Bonds | - | 3.30% |
| Cash Equivalents | | (0.30)% |

*Note 11* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Discount Rate**

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

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

| ERS | 1% Decrease (4.9%) | Current Assumption (5.9%) | 1% Increase (6.9%) |
|---|---|---|---|
| School District's Proportionate Share of the Net Pension (Asset)/Liability | $ 4,334,354 | $ 1,793,597 | $ (329,502) |

| TRS | 1% Decrease (5.95%) | Current Assumption (6.95%) | 1% Increase (7.95%) |
|---|---|---|---|
| School District's Proportionate Share of the Net Pension (Asset)/Liability | $ 8,381,107 | $ 908,968 | $ (5,375,053) |

**Pension Plan Fiduciary Net Position**

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

| | Dollars in Thousands | |
|---|---|---|
| | **ERS** | **TRS** |
| Measurement Date | March 31, 2023 | June 30, 2022 |
| Employers' Total Pension Liability | $ 232,627,259 | $ 133,883,474 |
| Plan Net Position | (211,183,223) | (131,964,582) |
| **Employers' Net Pension (Asset)/Liability** | **$ 21,444,036** | **$ 1,918,892** |
| Ratio of Plan Net Position to the Employers' Total Pension Liability | 90.8% | 98.6% |

*Note 11* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to $90,699.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to $1,007,692.

**Current Year Activity**

The following is a summary of current year activity:

| | Beginning Balance | Change | Ending Balance |
|---|---|---|---|
| **ERS** | | | |
| Net Pension (Asset)/Liability | $ (549,503) | $ 2,343,100 | $ 1,793,597 |
| Deferred Outflows of Resources | (1,163,946) | (173,807) | (1,337,753) |
| Deferred Inflows of Resources | 1,885,724 | (1,805,206) | 80,518 |
| Subtotal | 172,275 | 364,087 | 536,362 |
| **TRS** | | | |
| Net Pension (Asset)/Liability | (7,958,575) | 8,867,543 | 908,968 |
| Deferred Outflows of Resources | (4,638,572) | (217,394) | (4,855,966) |
| Deferred Inflows of Resources | 8,839,925 | (8,376,339) | 463,586 |
| Subtotal | (3,757,222) | 273,810 | (3,483,412) |
| **Total** | **$ (3,584,947)** | **$ 637,897** | **$ (2,947,050)** |

## *Note 12* Postemployment Benefits Other Than Pensions (OPEB)

### General Information about the OPEB Plan

Plan Description - The School District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the School District has in place with different classifications of employees. The School District acquires health insurance through a consortium known as the Broome-Tioga Health Insurance Consortium. Benefits provided by the Consortium are administered by Blue Cross/Blue Shield. The Consortium plan covers medical and pharmaceutical costs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, as there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

Employees Covered by Benefit Terms - At July 1, 2022, the following employees were covered by the benefit terms.

| | |
|---|---|
| Inactive Employees or Beneficiaries Currently Receiving Benefit Payments | 254 |
| Inactive Employees Entitled to But Not Yet Receiving Benefit Payments | - |
| Active Employees | 213 |
| **Total** | **467** |

### Total OPEB Liability

The School District's total OPEB liability of $51,100,339 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

*Note 12* **Postemployment Benefits Other Than Pensions (OPEB) - Continued**

**Total OPEB Liability - Continued**

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Long-Term Bond Rate | 3.65% |
| Single Discount Rate | 3.65% |
| Salary Scale | 2.4% |
| Dental Trend Rate | 3.0% |
| Marital Assumption | 80.0% |
| Participation Rate | 100.0% |
| Healthcare Cost Trend Rates | 6.4% for 2022, decreasing to an ultimate rate of 3.8% over 55 years. |

The Bond Buyer General Obligation 20-Bond Municipal Index was used to determine the long-term bond rate above.

Mortality rates were based on PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching Positions, both generationally projected using MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement.

Termination rates were based on the percentage of employees who will terminate employment at the given age each year, for reasons other than death or retirement.

Retirement rates are based on tables used by the New York State Teachers' Retirement System and New York State and Local Retirement System.

The actuarial assumptions used in the July 1, 2022 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

*Note 12* **Postemployment Benefits Other Than Pensions (OPEB) - Continued**

**Changes in the Total OPEB Liability**

| | Total OPEB Liability |
|---|---|
| **Balance at June 30, 2022** | $ 55,711,174 |
| **Changes for the Year** | |
| Service Cost | 1,773,734 |
| Interest Cost | 2,004,332 |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experience | (4,780,735) |
| Changes in Assumptions or Other Inputs | (1,862,257) |
| Benefit Payments | (1,745,909) |
| | (4,610,835) |
| **Balance at June 30, 2023** | **$ 51,100,339** |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate:

| | 1% Decrease (2.65%) | Discount Rate (3.65%) | 1% Increase (4.65%) |
|---|---|---|---|
| Total OPEB Liability | $ 59,298,208 | $ 51,100,339 | $ 44,483,937 |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current healthcare cost trend rate:

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $ 43,454,355 | $ 51,100,339 | $ 60,877,981 |

*Note 12* **Postemployment Benefits Other Than Pensions (OPEB) - Continued**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**
For the year ended June 30, 2023, the School District recognized OPEB expense of $592,554.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 70,612 | $ 8,891,694 |
| Changes in Assumptions or Other Inputs | 7,148,570 | 13,137,224 |
| **Total** | **$ 7,219,182** | **$ 22,028,918** |

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

| Fiscal Year Ending June 30, | Amount |
|---|---|
| 2024 | $(3,185,512) |
| 2025 | (2,554,310) |
| 2026 | (3,378,138) |
| 2027 | (3,356,162) |
| 2028 | (1,641,574) |
| Thereafter | (694,040) |

**Current Year Activity**
The following is a summary of current year activity:

| | Beginning Balance | Change | Ending Balance |
|---|---|---|---|
| OPEB Liability | $ 55,711,174 | $ (4,610,835) | $ 51,100,339 |
| Deferred Outflows of Resources | (10,002,269) | 2,783,087 | (7,219,182) |
| Deferred Inflows of Resources | 21,354,525 | 674,393 | 22,028,918 |
| **Total** | **$ 67,063,430** | **$ (1,153,355)** | **$ 65,910,075** |

*Note 13* **Commitments and Contingencies**

**Risk Financing and Related Insurance - General Information**

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

**Health Insurance**

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by Broome-Tioga-Delaware BOCES and its component districts. 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 one year; a member district may withdraw from the Plan after that time by providing notice to the consortium prior to May 1, immediately preceding the commencement of the next school year. Plan members include eight districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. 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. Plan financial statements may be obtained from the BOCES administrative office at 435 Glenwood Road, Binghamton, New York 13760.

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) that 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.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling $5,332,224.

## *Note 13* Commitments and Contingencies - Continued

**Workers' Compensation**

The School District incurs costs related to a workers' compensation insurance plan (Plan). 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. Plan members include 11 school districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. 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. Plan financial statements may be obtained from the Broome-Tioga-Delaware BOCES administrative office at 435 Glenwood Road, Binghamton, New York 13760.

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) that 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.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures of $117,809.

**Other Items**

The School District has received grants which are subject to audit by agencies of 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.

*Note 14* **Fund Balance Detail**

At June 30, 2023, nonspendable, restricted, and assigned fund balances in the Governmental Funds were as follows:

| | General Fund | Capital Projects Fund | Non-Major Funds |
|---|---|---|---|
| **Nonspendable** | | | |
| Inventory | $ - | $ - | $ 27,721 |
| **Total Nonspendable Fund Balance** | **$ -** | **$ -** | **$ 27,721** |
| **Restricted** | | | |
| Unemployment Insurance Reserve | $ 221,756 | $ - | $ - |
| Retirement Contribution Reserve - ERS | 2,160,499 | - | - |
| Retirement Contribution Reserve - TRS | 814,154 | - | - |
| Employee Benefit Accrued Liability Reserve | 187,151 | - | - |
| Property Loss Reserve and Liability Reserve | 48,227 | - | - |
| Repair Reserve | 88,686 | - | - |
| Capital Reserve | 1,346,431 | - | - |
| Capital | - | 2,036,730 | - |
| Scholarships | - | - | 129,512 |
| School Lunch | - | - | 416,225 |
| Debt Service | - | | 525,763 |
| **Total Restricted Fund Balance** | **$ 4,866,904** | **$ 2,036,730** | **$ 1,071,500** |
| **Assigned** | | | |
| Appropriated for Next Year's Budget | $ 824,130 | $ - | $ - |
| Encumbered for: | | | |
| General Support | 52,405 | - | - |
| Instruction | 6,891 | - | - |
| Pupil transportation | 1,256 | - | - |
| **Total Assigned Fund Balance** | **$ 884,682** | **$ -** | **$ -** |

*Note 15* **Restricted Fund Balances**

Portions of restricted fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended June 30, 2023 of the General Fund reserves were as follows:

| General Fund | Beginning Balance | Additions | Interest Earned | Appropriated | Ending Balance |
|---|---|---|---|---|---|
| Unemployment Insurance Reserve | $ 213,869 | $ - | $ 7,887 | $ - | $ 221,756 |
| Retirement Contribution Reserve - ERS | 1,736,468 | 360,000 | 64,031 | - | 2,160,499 |
| Retirement Contribution Reserve - TRS | 623,337 | 167,832 | 22,985 | - | 814,154 |
| Employee Benefit Accrued Liability Reserve | 307,756 | - | 11,349 | (131,954) | 187,151 |
| Property Loss and Liability Reserve | 46,512 | - | 1,715 | - | 48,227 |
| Repair Reserve | 85,532 | - | 3,154 | - | 88,686 |
| Capital Reserve | 4,772,237 | - | 79,519 | (3,505,325) | 1,346,431 |
| **Total** | **$ 7,785,711** | **$ 527,832** | **$ 190,640** | **$ (3,637,279)** | **$ 4,866,904** |

*Note 16* **Tax Abatements**

For the year ended June 30, 2023, the School District was subject to tax abatements negotiated by the Tioga County Industrial Development Agency (TCIDA).

TCIDA enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by $27,250, and the School District subsequently received payment in lieu of taxes (PILOT) payments totaling $3,000.

*Note 17* **Stewardship, Compliance and Accountability**

**Deficit Fund Balance**

The Special Aid Fund has a deficit fund balance of $163,622 at year end. This deficit will be eliminated as related revenues are recognized based on their recognition criteria.

**Deficit Net Position**

At June 30, 2022, the District-wide Statement of Net Position had an unrestricted deficit net position of $60,706,972. This is primarily the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability (see Note 12). The deficit is not expected to be eliminated during the normal course of operations.

*Note 18* **Subsequent Event**

On August 31, 2023, the School District issued bond anticipation notes totaling $1,173,825 at an interest rate of 4.75% for the purchase of school buses.

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP)
## GENERAL FUND
## FOR THE YEAR ENDED JUNE 30, 2023

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| **Local Sources** | | | | |
| Real Property Taxes | $ 8,130,470 | $ 6,855,488 | $ 6,849,159 | $ (6,329) |
| Other Tax Items | 18,000 | 1,292,982 | 1,299,164 | 6,182 |
| Charges for Services | 10,000 | 10,000 | 8,033 | (1,967) |
| Use of Money and Property | 3,600 | 3,600 | 223,977 | 220,377 |
| Sale of Property and Compensation for Loss | - | - | 1,395 | 1,395 |
| Miscellaneous | 248,000 | 252,201 | 369,027 | 116,826 |
| **Total Local Sources** | 8,410,070 | 8,414,271 | 8,750,755 | 336,484 |
| State Sources | 17,129,121 | 17,129,121 | 17,149,563 | 20,442 |
| Medicaid Reimbursement | 18,000 | 18,000 | 40,717 | 22,717 |
| **Total Revenues** | 25,557,191 | 25,561,392 | **$ 25,941,035** | **$ 379,643** |
| Appropriated Fund Balance | 1,050,000 | 1,050,000 | | |
| Appropriated Reserves | 734,593 | 4,403,955 | | |
| Designated Fund Balance Encumbrances Carried Forward from Prior Year | 47,283 | 47,283 | | |
| **Total Revenues, Appropriated Reserves and Designated Fund Balance** | **$ 27,389,067** | **$ 31,062,630** | | |

*See Notes to Required Supplementary Information*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP)
## GENERAL FUND
## FOR THE YEAR ENDED JUNE 30, 2023

| | Original Budget | Final Budget | Actual | Encumbrances | Variance Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **EXPENDITURES** | | | | | |
| **General Support** | | | | | |
| Board of Education | $ 24,935 | $ 36,055 | $ 32,787 | $ - | $ 3,268 |
| Central Administration | 186,724 | 178,245 | 160,485 | - | 17,760 |
| Finance | 498,225 | 554,288 | 536,505 | - | 17,783 |
| Staff | 99,299 | 99,298 | 75,440 | 1,664 | 22,194 |
| Central Services | 2,366,898 | 2,444,197 | 2,099,851 | 50,741 | 293,605 |
| Special Items | 232,401 | 252,565 | 248,315 | - | 4,250 |
| **Total General Support** | 3,408,482 | 3,564,648 | 3,153,383 | 52,405 | 358,860 |
| **Instruction** | | | | | |
| Instruction, Administration, and Improvement | 848,067 | 896,459 | 852,336 | - | 44,123 |
| Teaching - Regular School | 6,183,985 | 6,460,887 | 6,303,719 | 3,095 | 154,073 |
| Programs for Children With Handicapping Conditions | 2,726,848 | 2,798,326 | 2,335,171 | 509 | 462,646 |
| Occupational Education | 689,967 | 689,967 | 681,339 | - | 8,628 |
| Instructional Media | 817,581 | 738,945 | 735,650 | - | 3,295 |
| Pupil Services | 1,235,864 | 1,110,356 | 986,866 | 3,287 | 120,203 |
| **Total Instruction** | 12,502,312 | 12,694,940 | 11,895,081 | 6,891 | 792,968 |
| Pupil Transportation | 1,535,004 | 1,564,154 | 1,247,088 | 1,256 | 315,810 |
| Community Services | 4,000 | 4,000 | - | - | 4,000 |
| Employee Benefits | 8,082,000 | 7,693,789 | 7,222,752 | - | 471,037 |
| **Debt Service** | | | | | |
| Principal | - | 119,891 | 119,891 | - | - |
| Interest | - | 428 | 428 | - | - |
| **Total Debt Service** | - | 120,319 | 120,319 | - | - |
| **Total Expenditures** | 25,531,798 | 25,641,850 | 23,638,623 | 60,552 | 1,942,675 |
| **OTHER FINANCING USES** | | | | | |
| Operating Transfers Out | 1,857,269 | 5,420,780 | 5,392,385 | - | 28,395 |
| **Total Expenditures and Other Financing Uses** | $ 27,389,067 | $ 31,062,630 | 29,031,008 | $ 60,552 | $ 1,971,070 |
| Net Change in Fund Balance | | | (3,089,973) | | |
| Fund Balance - Beginning of Year | | | 9,967,596 | | |
| **Fund Balance - End of Year** | | | $ 6,877,623 | | |

*See Notes to Required Supplementary Information*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
## NYSLRS PENSION PLAN
## FOR THE LAST 10 FISCAL YEARS

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | **$ 310,377** | $ 381,396 | $ 339,535 | $ 326,308 | $ 321,352 | $ 339,262 | $ 312,243 | $ 362,042 | $ 351,600 | $ 388,754 |
| Contributions in Relation to the Contractually Required Contribution | **(310,377)** | (381,396) | (339,535) | (326,308) | (321,352) | (339,262) | (312,243) | (362,042) | (351,600) | (388,754) |
| Contribution Deficiency (Excess) | - | - | - | - | - | - | - | - | - | - |
| School District's Covered Employee Payroll | **2,775,986** | 2,319,191 | 2,404,000 | 2,273,746 | 2,209,809 | 2,259,021 | 2,098,732 | 2,094,808 | 2,135,931 | 2,159,523 |
| Contributions as a Percentage of Covered Employee Payroll | **11.2%** | 16.4% | 14.1% | 14.4% | 14.5% | 15.0% | 14.9% | 17.3% | 16.5% | 18.0% |

## SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
## NYSTRS PENSION PLAN
## FOR THE LAST 10 FISCAL YEARS

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | **$ 895,593** | $ 819,354 | $ 735,129 | $ 697,995 | $ 844,866 | $ 759,131 | $ 896,431 | $ 978,801 | $ 1,315,940 | $ 1,208,339 |
| Contributions in Relation to the Contractually Required Contribution | **(895,593)** | (819,354) | (735,129) | (697,995) | (844,866) | (759,131) | (896,431) | (978,801) | (1,315,940) | (1,208,339) |
| Contribution Deficiency (Excess) | - | - | - | - | - | - | - | - | - | - |
| School District's Covered Employee Payroll | **8,695,078** | 8,360,755 | 7,713,841 | 7,878,047 | 7,955,424 | 8,007,367 | 8,464,332 | 8,049,535 | 7,856,593 | 7,851,301 |
| Contributions as a Percentage of Covered Employee Payroll | **10.3%** | 9.8% | 9.5% | 8.9% | 10.6% | 9.5% | 10.6% | 12.2% | 16.7% | 15.4% |

* *Information unavailable*

*See Notes to Required Supplementary Information*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| School District's Proportion of the Net Pension (Asset)/Liability | **0.0083641%** | 0.006722% | 0.006865% | 0.006664% | 0.006811% | 0.007027% | 0.006656% | 0.007243% | 0.007464% |
| School District's Proportionate Share of the Net Pension (Asset)/Liability | **$ 1,793,597** | $ (549,503) | $ 6,836 | $ 1,764,703 | $ 482,570 | $ 226,793 | $ 625,435 | $ 1,192,122 | $ 252,141 |
| School District's Covered Payroll During the Measurement Period | **2,752,069** | 2,304,600 | 2,404,000 | 2,262,185 | 2,206,561 | 2,259,021 | 2,098,732 | 2,094,808 | 2,135,931 |
| School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll | **65.2%** | 23.8% | 0.3% | 78.0% | 21.9% | 10.0% | 29.8% | 56.9% | 11.8% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | **90.8%** | 103.7% | 99.9% | 86.4% | 96.3% | 98.2% | 94.7% | 90.7% | 97.9% |
| **The Following is a Summary of Changes of Assumptions:** | | | | | | | | | |
| Inflation | **2.90%** | 2.90% | 2.70% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| Salary Increases | **4.40%** | 4.40% | 4.40% | 4.50% | 4.20% | 3.80% | 3.80% | 3.80% | 3.80% |
| Cost of Living Adjustments | **1.50%** | 1.50% | 1.40% | 1.30% | 1.30% | 1.30% | 1.30% | 1.30% | 1.30% |
| Investment Rate of Return | **5.90%** | 5.90% | 5.90% | 6.80% | 6.80% | 7.00% | 7.00% | 7.00% | 7.00% |
| Discount Rate | **5.90%** | 5.90% | 5.90% | 6.80% | 6.80% | 7.00% | 7.00% | 7.00% | 7.00% |
| Society of Actuaries' Mortality Scale | **MP-2021** | MP-2021 | MP-2020 | MP-2019 | MP-2018 | MP-2014 | MP-2014 | MP-2014 | MP-2014 |

*Schedule is intended to show information for 10 years.*
*Additional years will be displayed as they become available.*

*See Notes to Required Supplementary Information*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

| | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
|---|---|---|---|---|---|---|---|---|---|
| School District's Proportion of the Net Pension (Asset)/Liability | **0.047369%** | 0.045926% | 0.046915% | 0.047488% | 0.04813% | 0.04802% | 0.04827% | 0.04989% | 0.04951% |
| School District's Proportionate Share of the Net Pension (Asset)/Liability | **$ 908,968** | $(7,958,575) | $ 1,296,377 | $(1,233,740) | $ (870,321) | $ (364,972) | $ 516,943 | $(5,182,236) | $(5,334,614) |
| School District's Covered Payroll During the Measurement Period | **8,360,755** | 7,713,841 | 7,848,047 | 7,955,424 | 8,007,367 | 8,464,332 | 8,049,535 | 7,856,593 | 7,851,301 |
| School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll | **10.9%** | 103.2% | 16.5% | 15.5% | 10.9% | 4.3% | 6.4% | 66.0% | 67.9% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | **98.6%** | 113.2% | 97.8% | 102.2% | 101.5% | 100.7% | 99.0% | 110.5% | 111.5% |
| **The Following is a Summary of Changes of Assumptions:** | | | | | | | | | |
| Inflation | **2.40%** | 2.20% | 2.20% | 2.25% | 2.25% | 2.50% | 3.00% | 3.00% | 3.00% |
| Salary Increases | **1.95% - 5.18%** | 1.90% - 4.72% | 1.90% - 4.72% | 1.90% - 4.72% | 1.90% - 4.72% | 1.90% - 4.72% | 4.0% - 10.9% | 4.0% - 10.9% | 4.0% - 10.9% |
| Cost of Living Adjustments | **1.30%** | 1.30% | 1.30% | 1.50% | 1.50% | 1.50% | 1.50% | 1.63% | 1.63% |
| Investment Rate of Return | **6.95%** | 7.10% | 7.10% | 7.25% | 7.25% | 7.50% | 8.00% | 8.00% | 8.00% |
| Discount Rate | **6.95%** | 7.10% | 7.10% | 7.25% | 7.25% | 7.50% | 8.00% | 8.00% | 8.00% |
| Society of Actuaries' Mortality Scale | **MP-2020** | MP-2019 | MP-2018 | MP-2014 | MP-2014 | MP-2014 | AA | AA | AA |

*Schedule is intended to show information for 10 years.*
*Additional years will be displayed as they become available.*

*See Notes to Required Supplementary Information*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Service Cost | $ 1,773,734 | $ 2,614,552 | $ 2,305,300 | $ 1,871,921 | $ 2,271,006 | $ 2,032,830 | $ * | $ * | $ * | $ * |
| Interest Cost | 2,004,332 | 1,487,363 | 1,507,011 | 1,919,152 | 1,918,615 | 1,841,032 | * | * | * | * |
| Differences Between Expected and Actual Experience | (4,780,735) | - | (7,689,944) | - | (1,971,798) | 423,658 | * | * | * | * |
| Changes in Assumptions or Other Inputs Benefit Payments | (1,862,257) | (13,651,704) | 6,173,957 | 10,976,821 | (9,219,726) | - | * | * | * | * |
| Benefit Payments | (1,745,909) | (1,957,366) | (1,916,070) | (1,766,434) | (1,676,210) | (2,218,949) | * | * | * | * |
| | (4,610,835) | (11,507,155) | 380,254 | 13,001,460 | (8,678,113) | 2,078,571 | * | * | * | * |
| Total OPEB Liability - Beginning of Year | 55,711,174 | 67,218,329 | 66,838,075 | 53,836,615 | 62,514,728 | 60,436,157 | * | * | * | * |
| **Total OPEB Liability - End of Year** | $ 51,100,339 | $ 55,711,174 | $ 67,218,329 | $ 66,838,075 | $ 53,836,615 | $ 62,514,728 | $ 60,436,157 | $ * | $ * | $ * |
| Covered Employee Payroll | $ 10,734,959 | $ 9,891,342 | $ 9,891,342 | $ 9,764,633 | $ 9,764,633 | $ 10,229,559 | $ * | $ * | $ * | $ * |
| **Total OPEB Liability as a Percentage of Covered Payroll** | 476.0% | 563.2% | 679.6% | 684.5% | 551.3% | 611.1% | * | * | * | * |
| **The Following is a Summary of Changes of Assumptions:** | | | | | | | | | | |
| Healthcare Cost Trend Rates | 6.4% to 3.8% | 5.3% - 4.1% | 5.3% - 4.1% | 6.1% - 4.1% | 6.1% - 4.1% | 7.5% - 4.5% | * | * | * | * |
| Salary Increases | 2.40% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | * | * | * | * |
| Discount Rate | 3.65% | 3.54% | 2.16% | 2.21% | 3.50% | 3.00% | * | * | * | * |
| Society of Actuaries' Mortality Scale | MP-2021 | MP-2019 | MP-2019 | MP-2018 | MP-2018 | MP-2016 | * | * | * | * |

* *Information for periods prior to implementation of GASB Statement No. 75 is unavailable.*

*See Notes to Required Supplementary Information*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**JUNE 30, 2023**

*Note 1* **Budgetary Procedures and Budgetary Accounting**

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

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid, School Lunch, and Miscellaneous Special Revenue). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

*Note 2* **Reconciliation of the General Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2023.

*Note 3* **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

**NYSLRS**

**Changes in Benefit Terms**

The New York State Legislature lowered the vesting requirement for Tier 5 and Tier 6 from ten years to five years (Chapter 56 of the Laws of 2022), prior to the April 1, 2022 actuarial valuation.

**NYSTRS**

**Changes in Benefit Terms**

Effective with the 2022 actuarial valuation, the following plan change was effective: The number of years of credited service required for vesting changed from ten years to five years for Tier 5 and 6 members for purposes of eligibility for a service retirement benefit or a deferred-vested benefit.

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

**SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**
**AND THE REAL PROPERTY TAX LIMIT**
**FOR THE YEAR ENDED JUNE 30, 2023**

| | | |
|---|---|---|
| **CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET** | | |
| Adopted Budget | | $ 27,341,784 |
| Prior Year's Encumbrances | | 47,283 |
| Original Budget | | 27,389,067 |
| | | |
| Appropriated Capital Reserve | | 3,547,325 |
| Appropriated Benefits Reserve | | 122,037 |
| Gifts and Donations | | 4,201 |
| **Total Additions** | | 3,673,563 |
| | | |
| **Final Budget** | | **$ 31,062,630** |
| | | |
| **§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION** | | |
| | | |
| **Next Year's Budget is a Voter Approved Budget** | **$ 28,751,314** | |
| | | |
| **Maximum Allowed (4% of the 2023-2024 Budget)** | | **$ 1,150,053** |
| | | |
| General Fund Fund Balance Subject to §1318 of Real Property Tax Law: | | |
| | | |
| Unrestricted Fund Balance: | | |
| Assigned Fund Balance | $ 884,682 | |
| Unassigned Fund Balance | 1,126,037 | |
| **Total Unrestricted Fund Balance** | 2,010,719 | |
| | | |
| (Less): | | |
| Appropriated Fund Balance | $ 824,130 | |
| Encumbrances Included in Assigned Fund Balance | 60,552 | |
| **Total Adjustments** | 884,682 | |
| | | |
| **General Fund Fund Balance Subject to §1318 of Real Property Tax Law** | | **$ 1,126,037** |
| | | |
| Actual Percentage | | 3.92% |

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## SCHEDULE OF PROJECT EXPENDITURES
## CAPITAL PROJECTS FUND
## FOR THE YEAR ENDED JUNE 30, 2023

| | | | Expenditures | | | | | Methods of Financing | | | | Fund |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Original Budget | Revised Budget | Prior Years | Current Year | Transfers | Total | Unexpended Balance | Proceeds of Obligations | State Aid | Local Sources | Total | Balance (Deficit) June 30, 2023 |
| 2022-2023 Buses | $ 455,000 | $ 455,000 | $ - | $ 455,000 | $ - | $ 455,000 | $ - | $ 63,900 | $ - | $ 392,925 | $ 456,825 | $ 1,825 * |
| 2021-2022 Buses | 380,000 | 428,183 | 428,183 | - | - | 428,183 | - | - | - | 428,183 | 428,183 | - |
| District-Wide 7999-001 | 180,201 | 180,201 | 49,435 | - | - | 49,435 | 130,766 | 46,380 | - | 3,055 | 49,435 | - |
| 23 Cap Pro. T9999-999 | 872,518 | 872,518 | 39,455 | - | - | 39,455 | 833,063 | - | - | 45,500 | 45,500 | 6,045 * |
| ARP #1 HS 0007-021 | 100,000 | 100,000 | 42,380 | 77,620 | - | 120,000 | (20,000) | - | - | 120,000 | 120,000 | - |
| ARP #2 NTN 0002-017 | 100,000 | 112,000 | - | 112,000 | - | 112,000 | - | - | - | 112,000 | 112,000 | - |
| District-Wide 0002-018 | 2,137,000 | 2,157,000 | - | 147,120 | - | 147,120 | 2,009,880 | - | - | 3,000,000 | 3,000,000 | 2,852,880 * |
| District-Wide 0002-019 | 3,000,000 | 3,000,000 | - | 217,020 | - | 217,020 | 2,782,980 | - | - | 500,000 | 500,000 | 282,980 * |
| 100K Project 0003-020 | 100,000 | 96,234 | 100,000 | - | - | 100,000 | (3,766) | - | - | 100,000 | 100,000 | - |
| Unredeemed BANs | - | - | - | - | - | - | - | (1,107,000) | - | - | (1,107,000) | (1,107,000) |
| GASB 87 Leases | - | 129,361 | - | 129,361 | - | 129,361 | - | 129,361 | - | - | 129,361 | - |
| **Total** | **$ 7,324,719** | **$ 7,530,497** | **$ 659,453** | **$ 1,138,121** | **$ -** | **$ 1,797,574** | **$ 5,732,923** | **$ (867,359)** | **$ -** | **$ 4,701,663** | **$ 3,834,304** | **$ 2,036,730** |

**Architectural and State Approved Budget Modifications for Subproject Reallocations Not Yet Finalized and Unavailable at This Report Date.*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
## JUNE 30, 2023

| | |
|---|---|
| Capital Assets, Net | $ 38,361,729 |
| | |
| Add: | |
| Deferred Charges on Defeased Debt | 8,117 |
| | |
| (Deduct): | |
| Bond Anticipation Notes | (1,107,000) |
| Payables for Capital Projects | (340,669) |
| Unamortized Premium on Bonds Payable | (1,685,928) |
| Short-Term Portion of Bonds Payable | (1,065,000) |
| Long-Term Portion of Bonds Payable | (8,515,000) |
| Lease Liability | (10,862) |
| | |
| **Net Investment in Capital Assets** | **$ 25,645,387** |

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## BALANCE SHEET
## NON-MAJOR GOVERNMENTAL FUNDS
## JUNE 30, 2023

| | Special Revenue Funds | | | | Total |
|---|---|---|---|---|---|
| | Special Aid Fund | School Lunch Fund | Miscellaneous Special Revenue Fund | Debt Service Fund | Non-Major Governmental Funds |
| **ASSETS** | | | | | |
| Cash - Unrestricted | $ 34,222 | $ - | $ - | $ - | $ 34,222 |
| Cash - Restricted | - | 432,922 | 129,512 | 525,763 | 1,088,197 |
| State and Federal Aid | 358,559 | 45,585 | - | - | 404,144 |
| Other | - | 389 | - | - | 389 |
| Inventories | - | 27,721 | - | - | 27,721 |
| **Total Assets** | **$ 392,781** | **$ 506,617** | **$ 129,512** | **$ 525,763** | **$ 1,554,673** |
| **LIABILITIES** | | | | | |
| Accounts Payable | $ 8,121 | $ 875 | $ - | $ - | $ 8,996 |
| Accrued Liabilities | 3,672 | 8,679 | - | | 12,351 |
| Due to Other Funds | 359,956 | 46,562 | - | - | 406,518 |
| Due to Other Governments | - | 213 | - | - | 213 |
| Unearned Revenue | 184,654 | 6,342 | - | - | 190,996 |
| **Total Liabilities** | 556,403 | 62,671 | - | - | 619,074 |
| **FUND BALANCES** | | | | | |
| Nonspendable | - | 27,721 | - | - | 27,721 |
| Restricted | - | 416,225 | 129,512 | 525,763 | 1,071,500 |
| Assigned | - | - | - | - | - |
| Unassigned | (163,622) | - | - | - | (163,622) |
| **Total Fund Balances (Deficit)** | (163,622) | 443,946 | 129,512 | 525,763 | 935,599 |
| **Total Liabilities and Fund Balances** | **$ 392,781** | **$ 506,617** | **$ 129,512** | **$ 525,763** | **$ 1,554,673** |

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

| | Special Revenue Funds | | | | Total |
|---|---|---|---|---|---|
| | Special Aid Fund | School Lunch Fund | Miscellaneous Special Revenue Fund | Debt Service Fund | Non-Major Governmental Funds |
| **REVENUES** | | | | | |
| Use of Money and Property | $ - | $ 2,400 | $ 641 | $ 9,962 | $ 13,003 |
| Miscellaneous | 20,645 | 11,801 | 23,185 | - | 55,631 |
| State Sources | 293,218 | 99,113 | - | - | 392,331 |
| Federal Sources | 2,202,287 | 601,173 | - | - | 2,803,460 |
| Sales - School Lunch | - | 146,933 | - | - | 146,933 |
| **Total Revenues** | 2,516,150 | 861,420 | 23,826 | 9,962 | 3,411,358 |
| **EXPENDITURES** | | | | | |
| General Support | 339,059 | - | - | - | 339,059 |
| Instruction | 1,806,890 | 399,820 | 26,702 | - | 2,233,412 |
| Pupil Transportation | 21,588 | - | - | - | 21,588 |
| Employee Benefits | 334,218 | 128,869 | - | - | 463,087 |
| Debt Service: | | | | | |
| Principal | - | - | - | 1,360,600 | 1,360,600 |
| Interest | - | - | - | 467,971 | 467,971 |
| Cost of Sales | - | 332,102 | - | - | 332,102 |
| **Total Expenditures** | 2,501,755 | 860,791 | 26,702 | 1,828,571 | 5,217,819 |
| Excess (Deficiency) of Revenues Over Expenditures | 14,395 | 629 | (2,876) | (1,818,609) | (1,806,461) |
| **OTHER FINANCING SOURCES AND (USES)** | | | | | |
| Premium on Obligations | - | - | - | 10,129 | 10,129 |
| Operating Transfers In | 11,605 | 16,186 | - | 1,817,269 | 1,845,060 |
| Operating Transfers (Out) | (32,000) | - | - | - | (32,000) |
| **Total Other Sources (Uses)** | (20,395) | 16,186 | - | 1,827,398 | 1,823,189 |
| Net Change in Fund Balance | (6,000) | 16,815 | (2,876) | 8,789 | 16,728 |
| Fund Balances (Deficit) - Beginning of Year | (157,622) | 427,131 | 132,388 | 516,974 | 918,871 |
| **Fund Balances (Deficit) - End of Year** | **$ (163,622)** | **$ 443,946** | **$ 129,512** | **$ 525,763** | **$ 935,599** |

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Certified Public Accountants | Business Advisors

**INDEPENDENT AUDITORS' 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
Newark Valley
  Central School District
Newark Valley, New York

We have audited, in accordance with the 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 Newark Valley Central School District (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 11, 2023.

**Report on Internal Control Over Financial Reporting**
In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for determining the 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

**Report on Compliance and Other Matters**
As part of obtaining reasonable assurance about whether the 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.

Respectfully submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 11, 2023

# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Education
Newark Valley
Central School District
Newark Valley, New York

## Report on Compliance for Each Major Federal Program

### Opinion on Each Major Federal Program

We have audited Newark Valley Central School District's (the School District) 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 School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School District, complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the School District's compliance with the compliance requirements referred to above.

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

**Auditors' 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 the 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 GAAS, *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 the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the 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 the 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 the 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 a 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 Auditors' 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.

Respectfully submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 11, 2023

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE YEAR ENDED JUNE 30, 2023

| Federal Grantor/Pass - Through Grantor Program Title | Federal ALN # | Pass - Through Grantor # | Pass - Through to Subrecipients | Expenditures |
|---|---|---|---|---|
| **U.S. Department of Education** | | | | |
| Passed Through NYS Department of Education: | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 0021233340 | $ - | $ 269,330 |
| Special Education Cluster: | | | | |
| Special Education - Grants to States | 84.027 | 0032230975 | - | 330,700 |
| Special Education - Preschool Grants | 84.173 | 0033230975 | - | 12,835 |
| Total Special Education Cluster | | Subtotal | - | 343,535 |
| Supporting Effective Instruction State Grants | 84.367 | 0147223340 | - | 36,055 |
| Education Stabilization Fund: | | | | |
| (COVID-19) Elementary and Secondary School Emergency Relief Fund | 84.425D | 5891213340 | - | 395,485 |
| (COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund | 84.425U | 5880213340 | - | 411,112 |
| (COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund | 84.425U | 5882213340 | - | 63,618 |
| (COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund | 84.425U | 5883213340 | - | 86,236 |
| (COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund | 84.425U | 5884213340 | - | 576,699 |
| Total Education Stabilization Fund | | | - | 1,533,150 |
| Title IV, Part A Student Support and Academic Enrichment Program | 84.424A | 0204233340 | - | 20,217 |
| **Total U.S. Department of Education** | | | - | 2,202,287 |
| **U.S. Department of Agriculture** | | | | |
| Passed Through NYS Department of Education: | | | | |
| Child Nutrition Cluster: | | | | |
| National School Lunch Program | 10.555 | (1) | - | 362,924 |
| School Breakfast Program | 10.553 | (1) | - | 198,097 |
| Total Child Nutrition Cluster | | | - | 561,021 |
| Direct Program: | | | | |
| (COVID-19) Pandemic EBT Food Benefits | 10.542 | N/A | - | 1,884 |
| (COVID-19) Pandemic EBT Administrative Costs | 10.649 | N/A | - | 38,268 |
| **Total U.S. Department of Agriculture** | | | - | 601,173 |
| **Total Expenditures of Federal Awards** | | | **$ -** | **$ 2,803,460** |

(1) - Unable to Determine

*See Notes to Schedule of Expenditures of Federal Awards*

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**JUNE 30, 2023**

*Note 1* **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

*Note 2* **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

*Note 3* **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the Federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimus indirect cost rate.

*Note 4* **Matching Costs**

Matching costs, i.e., the School District's share of certain program costs, are not included in the reported expenditures.

*Note 5* **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program.". During the year ended June 30, 2023, the School District received $53,051 worth of commodities under the National School Lunch Program (ALN #10.555).

*Note 6* **Subrecipients**

No amounts were provided to subrecipients.

*Note 7* **Other Disclosures**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value and is covered by the School District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

# *NEWARK VALLEY CENTRAL SCHOOL DISTRICT*

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED JUNE 30, 2023

**Section I** **Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ____ yes √ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ yes √ none reported

Noncompliance material to financial statements noted? ____ yes √ no

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? ____ yes √ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ yes √ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? ____ yes √ no

Identification of major programs:

| ALN Numbers | Name of Federal Program or Cluster |
|---|---|
| 84.425 | Education Stabilization Fund |

Dollar threshold used to distinguish between Type A and Type B Programs $ 750,000

Auditee qualified as low-risk? ____ yes √ no

**Section II** **Financial Statement Findings** None.

**Section III** **Federal Award Findings and Questioned Costs** None.