

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 27, 2024

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of WJ Marquardt PLLC, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the School District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. (See "TAX MATTERS" herein.)

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

\$1,000,000

SALMON RIVER CENTRAL SCHOOL DISTRICT

FRANKLIN AND ST. LAWRENCE COUNTIES, NEW YORK

GENERAL OBLIGATIONS

\$1,000,000 Bond Anticipation Notes, 2025

(Referred to herein as the "Notes")



Dated: January 23, 2025

Due: June 27, 2025

The Notes are general obligations of the Salmon River Central School District, Franklin and St. Lawrence Counties, New York (the "School District"), and will contain a pledge of the faith and credit of the School District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes as may be levied upon all the taxable real property within the School District, without limitation as to rate or amount. See "NATURE OF THE OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes are NOT subject to redemption prior to maturity.

At the option of the purchaser, the Notes will be issued in (i) registered certificated form registered in the name of the purchaser or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

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

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

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of WJ Marquardt PLLC, Skaneateles, New York, Bond Counsel to the District. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon or about January 23, 2025.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on January 8, 2025 until 11:00 A.M., Eastern Time, pursuant to the Notice of Sales. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

January __, 2025

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, 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.

**SALMON RIVER CENTRAL SCHOOL DISTRICT
FRANKLIN AND ST. LAWRENCE COUNTIES, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

EMILY LAUZON
President

JASON BROCKWAY
Vice President

AGNES SWEETS JACOBS
CRAIG JOCK
JORDAN LAUZON
SCOTT PREMO
SHAWN MCMAHON
SHELLEY JACOBS
PJ BURNS

* * * * *

DR. STANLEY HARPER
Superintendent of Schools

NATASCHA JOCK
School Business Executive

SHANNON SNYDER
District Treasurer

ASHLEY WHITE
Accounts Payable Clerk

ZETA KURETZ
Payroll Clerk



GUERCIO & GUERCIO, LLP
Local Attorney



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

MARQUARDT
— BOND COUNSEL —

WJ MARQUARDT PLLC
Bond Counsel

No person has been authorized by Salmon River 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 Salmon River Central School District.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE NOTES	1	SPECIAL PROVISIONS AFFECTING	
Description of the Notes	1	REMEDIES UPON DEFAULT	27
Purpose of Issue	1	MARKET AND RISK FACTORS	28
NATURE OF THE OBLIGATION	2	Cybersecurity	29
BOOK-ENTRY-ONLY SYSTEM	3	TAX MATTERS	29
Certificated Notes	4	LEGAL MATTERS	30
THE SCHOOL DISTRICT	5	LITIGATION	30
General Information	5	CONTINUING DISCLOSURE	30
District Population	5	Continuing Disclosure Compliance History	30
Larger Employers	5	MUNICIPAL ADVISOR	31
Selected Wealth and Income Indicators	6	CUSIP IDENTIFICATION NUMBERS	31
Unemployment Rate Statistics	6	RATINGS	31
District Organization	7	MISCELLANEOUS	31
Budgetary Procedures and Recent Budget Votes	7	APPENDIX – A	
Investment Policy	8	GENERAL FUND - Balance Sheets	
State Aid	8	APPENDIX – A1	
State Aid Revenues	12	GENERAL FUND – Revenues, Expenditures and	
District Facilities	12	Changes in Fund Balance	
Enrollment Trends	12	APPENDIX – A2	
Employees	13	GENERAL FUND – Revenues, Expenditures and	
Status and Financing of Employee Pension Benefits	13	Changes in Fund Balance - Budget and Actual	
Other Post-Employment Benefits	15	APPENDIX – B	
Financial Statements	16	BONDED DEBT SERVICE	
New York State Comptroller Reports of Examination	16	APPENDIX – B1-B2	
The State Comptroller’s Fiscal Stress Monitoring System ...	17	CURRENT BONDS OUTSTANDING	
Other Information	18	APPENDIX – C	
TAX INFORMATION	18	MATERIAL EVENT NOTICES	
Taxable Assessed Valuations	18	APPENDIX – D	
Tax Rate Per \$1,000 (Assessed)	18	FORM OF BOND COUNSEL’S OPINION	
Tax Collection Procedure	19	APPENDIX – E	
Tax Levy and Tax Collection Record	19	AUDITED FINANCIAL STATEMENTS	
Real Property Tax Revenues	19	For the Fiscal Year Ending June 30, 2024	
Ten Larger Taxpayers 2024 for 2024-25 District Tax Roll ..	20		
Additional Tax Information	20		
STAR – School Tax Exemption	20		
TAX LEVY LIMITATION LAW	21		
STATUS OF INDEBTEDNESS	22		
Constitutional Requirements	22		
Statutory Procedure	22		
Debt Outstanding End of Fiscal Year	23		
Details of Outstanding Indebtedness	23		
Debt Statement Summary	24		
Building Aid Estimate	24		
Bonded Debt Service	24		
Cash Flow Borrowings	25		
Capital Project Plans	25		
Estimated Overlapping Indebtedness	26		
Debt Ratios	26		

PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
SALMON RIVER CENTRAL SCHOOL DISTRICT
FRANKLIN AND ST. LAWRENCE COUNTIES, NEW YORK
Relating To
\$1,000,000 Bond Anticipation Notes, 2025

This Official Statement, which includes the cover page and appendices, has been prepared by the Salmon River Central School District, Franklin and St. Lawrence Counties, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$1,000,000 principal amount of Bond Anticipation Notes, 2025 (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.

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 thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF THE OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes are dated January 23, 2025 and mature, without option of prior redemption, on June 27, 2025. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The District will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser.

The Notes will be issued in registered form at the option of the purchaser either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Purpose of Issue

The Notes are issued pursuant to the Constitution and Statutes of the State of New York, including the Education Law and the Local Finance Law, pursuant to a bond resolution adopted by the Board of Education on June 12, 2019 authorizing the issuance of not to exceed \$26,500,000 aggregate principal amount of serial bonds and notes to finance certain renovations, additions, alterations and improvements to the District's existing K-12 Building and campus, as well as demolition and reconstruction of the District's existing Salt Storage Building at a maximum estimated cost of \$26,500,000 (the "Capital Project").

Proceeds of the Notes will provide \$1,000,000 in new money for the Capital Project.

NATURE OF THE OBLIGATION

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

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, subject to applicable statutory limitations.

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

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, 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 Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR 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 OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

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

Certificated Notes

If the book-entry form is initially chosen by the purchaser 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 of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in fully registered form with a single note certificate issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. 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 subject to redemption prior to their stated prior to maturity at the option of the District as described herein.

THE SCHOOL DISTRICT

General Information

The District was centralized in 1953 and provides a public education to students from the Towns of Bangor, Bombay, Fort Covington and Westville in Franklin County and the Town of Brasher in St. Lawrence County. It encompasses an area of approximately 128 square miles and is located between the foothills of the Adirondack Mountains and the St. Lawrence River Valley. The District is adjacent to the Canadian border. The Village of Massena lies 20 miles to the west; the Village of Malone, twenty miles to the southeast; and the Village of Potsdam, 40 miles to the southwest

The District is a mixture of residential and agricultural areas, with many of its residents commuting to Malone, Massena and Potsdam for employment. Area residents find commercial and financial services in the Town of Fort Covington, as well as in the local communities of Malone and Massena.

Approximately 69.9% of the District's population is comprised of students from families on the St. Regis Mohawk Reservation. New York State contracts with the District to provide an education for Native American students attending the St. Regis Mohawk School ("SRM School"). Specifically, the District operates the SRM School which is owned by the State and historically has been leased to, and operated by, the District pursuant to a contract with the State (the "SRMS Contract"). The SRMS Contract provides that all expenses generated by the SRM School are funded through a State aid formula and are paid for with special State purpose monies. The State and the District extended the term of the SRMS Contract to June 30, 2030.

The District provides academic facilities for students in grade levels pre-kindergarten through grade twelve. In addition to regular academic programs, the District offers unique sequence in Mohawk language and culture for Native American students. Facilities available also include an ice-skating rink, music rooms, swimming pool, three gymnasiums, shop facilities, agricultural instructional facilities, computer rooms, and athletic fields.

Fire protection services are provided by the Fort Covington Volunteer Fire Department; electricity is supplied by National Grid; telephone service is provided by Verizon New York Inc., Spectrum, and AT&T. Police protection is provided by the Franklin County Sheriff's Department, St. Regis Mohawk Police, and the New York State Police, Troop B.

Higher education facilities are available in the region at SUNY Canton, Potsdam, and Plattsburgh and the following private colleges: Clarkson University, Paul Smith's College, and St. Lawrence University.

Source: District officials.

District Population

The 2023 estimated population of the District is 7,661. (Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates)

Larger Employers

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

<u>Name</u>	<u>Type</u>	<u>Number of Employees</u>
Akwesasne Mohawk Casino	Gaming Facility/Casino	663
St. Regis Mohawk Tribe	Governmental Agency	600
Salmon River CSD	Public Education	413
Tarbell Management Group	Retail/Truck Stops	216
CAA Management	Retail/Gas Stations/Restaurants	200

Source: District officials.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the Towns 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 Counties are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns of:						
Bangor	\$ 20,972	\$ 27,900	\$ 28,672	\$ 50,938	\$ 63,750	\$ 69,261
Bombay	16,741	18,987	21,434	33,750	40,313	43,587
Fort Covington	18,926	20,383	27,317	45,543	53,672	69,737
Westville	21,847	26,567	30,439	44,608	56,667	62,125
Brasher	19,243	25,671	31,225	50,463	54,340	67,065
Counties of:						
Franklin	19,807	26,886	31,801	50,816	65,693	75,978
St. Lawrence	20,143	26,676	31,574	50,384	66,843	80,918
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

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

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

	<u>Annual Averages</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Franklin County	6.0%	5.1%	4.7%	8.2%	4.7%	3.6%	3.8%
St. Lawrence County	6.7	5.6	5.3	8.2	5.1	4.1	4.4%
New York State	4.7	4.1	3.8	9.9	6.9	4.3	4.2%

	<u>2024 Monthly Figures</u>											
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Franklin County	4.7%	4.8%	4.5%	4.1%	3.7%	3.5%	4.1%	3.9%	2.9%	3.1%	3.5%	N/A
St. Lawrence County	5.6%	5.4%	5.1%	4.5%	4.6%	4.7%	5.2%	5.2%	3.6%	3.6%	3.9%	N/A
New York State	4.3%	4.5%	4.2%	3.9%	4.2%	4.3%	4.9%	4.9%	4.0%	4.1%	4.2%	N/A

Note: Unemployment rates for December 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).

District Organization

The District is a State municipal corporation governed by a nine-member Board of Education that is elected by the qualified voters of the school district to five-year terms. District operations are subject to the provisions of the State Education Law affecting school district; other statutes applicable to the District, include the GML, the Local Finance Law, Public Officers Law and the Real Property Tax Law.

Members of the Board of Education are elected on a rotating basis by the qualified voters at the annual elections of the District. The term of office for each board member is five years and the number of terms that may be served is unrestricted. A president is selected by the Board from its members and this person is the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets, the levy and collection of real property taxes, the authorization of debt (also subject to voter approval), the appointment of such employees as may be necessary, and such other duties as may be reasonably required to fulfill the responsibilities provided by law.

The Board of Education appoints the Superintendent of Schools, who serves under written contract which, by statute must be of no less than three and no more than five years in duration. The Superintendent is the chief executive officer of the District and the educational system. In addition, the Superintendent is typically given the right, by contract, to speak on all matters before the Board but not to vote. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the District and other education, social and recreational activities under the direction of the Board of Education. Certain other administrative and financial duties are performed by the Treasurer and Business Executive, who are appointed by the Board of Education.

Budgetary Procedures and Recent Budget Votes

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

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

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

It should be noted that the District’s general fund is comprised of two (2) individual budgets. The first is approved by the qualified voters and covers the operation of the main campus school in preK-12th grade. The second budget is for the operation of the St. Regis Mohawk Elementary School. This is a preK-5th grade building educating only Native American children living on the St. Regis Mohawk Reservation. This budget is negotiated annually with the State of New York and the revenues to support this building/program are entirely funded with State aid.

Recent Budget Vote Results

The proposed budget for the 2023-24 fiscal year was approved by the qualified voters on May 16, 2023 by a vote of 119 yes to 26 no. The adopted budget included no total tax levy increase, which was above the District's Tax Cap of -17.7% for the 2023-24 fiscal year, thus requiring a supermajority vote for approval.

The proposed budget for the 2024-25 fiscal year was approved by the qualified voters on May 21, 2024 by a vote of 89 yes to 39 no. The adopted budget included a 2.00% tax levy increase, which was within the District's Tax Cap of 3.77% for the 2024-25 fiscal year.

Investment Policy

The primary objectives of the District's investment policy are, in priority order, as follows:

- To conform to all applicable federal, state and other legal requirements.
- To adequately safeguard principal.
- To provide sufficient liquidity to meet all operating requirements.
- To obtain a reasonable rate of return on invested funds.

Pursuant to State law, including Sections 10 and 11 of the GML, the District is generally permitted to deposit moneys which are not required for immediate expenditure in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured by either of pledge of eligible securities, and eligible surety bond or an eligible letter of credit in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

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

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of the bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML. The District is not presently investing in repurchase agreements.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

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 80.4% 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. See also "School district fiscal year (2024-25)" herein regarding authorization of a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula. Any revisions to the foundation aid formula could result in less State aid to the District.

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 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 the adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. With the exception of State’s current fiscal year budget and the State’s fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State’s budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State’s current fiscal year 2024-25 Enacted Budget was adopted on April 22, 2024. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal aid received by the State.

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2024-25 building aid ratios, the District expects to receive State building aid of approximately 98.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

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

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State aid, in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

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

School district fiscal year (2022-2023): The State’s 2022-23 Enacted Budget included \$31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a \$1.5 billion or 7.7 percent Foundation Aid increase. The State’s 2022-23 Enacted Budget also included \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor’s Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students’ academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State’s 2022-23 Enacted Budget allocated \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State’s 2022-23 Enacted Budget increased federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

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

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

State Aid Litigation

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

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

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

funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enacted this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

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

State Aid Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the last five completed fiscal years, as well as budgeted figures for the 2024-25 fiscal year comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2019-2020	\$ 43,342,379	\$ 34,674,477	80.00%
2020-2021	42,779,341	33,639,821	78.64
2021-2022	40,949,446	33,210,850	81.10
2022-2023	43,982,234	34,933,403	79.43
2023-2024	47,371,425	37,205,318	78.54
2024-2025 (Budgeted)	48,857,748 ⁽¹⁾	39,273,792	80.38

⁽¹⁾ Does not include \$1,224,946 of appropriated fund balance.

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

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity (sq. ft.)</u>	<u>Year(s) Built/Additions</u>
Salmon River Campus School	Pre-K-12	303,349	1958, 2011
St. Regis Mohawk School	Pre-K-5	84,630	1936, 2009

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2020-21	1,403	2025-26	1,280
2021-22	1,389	2026-27	1,400
2022-23	1,384	2027-28	1,400
2023-24	1,372	2028-29	1,400
2024-25	1,377	2029-30	1,400

Source: District officials.

Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
206	NYSUT	June 30, 2028
178	Civil Service Employees Association	June 30, 2025
10	School Administrators Association of New York	June 30, 2026

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years. The State's 2024-25 Enacted Budget included a provision that improved the pension benefits of Tier VI members by modifying the final average salary calculation from 5 years back to 3 years. This measure was effective as of April 1, 2024 for PFRS Tier VI members and April 20, 2024 for ERS Tier VI members.

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

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$ 637,780	\$ 1,483,368
2020-2021	604,029	1,290,729
2021-2022	750,824	1,386,812
2022-2023	657,005	1,440,956
2023-2024	879,036	1,606,723
2024-2025 (Budgeted)	1,038,248	1,565,780

Source: District officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District does not currently have 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 employer contribution rates as a percent of payroll (2019-20 to 2024-25) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-20	14.6%	8.86%
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11

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

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

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

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

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

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

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, included 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 a TRS Reserve fund.

Other Post-Employment Benefits

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

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

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

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

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

The District contracted with Armory Associates LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2023 and 2024 fiscal years, by source.

	2022	2023
Balance beginning at June 30:	\$ 202,706,135	\$ 189,423,449
<u>Changes for the year:</u>		
Service cost	8,078,382	5,749,494
Interest	4,458,607	6,827,204
Differences between expected and actual experience	2,464,915	-
Changes in assumptions or other inputs	(23,407,860)	(4,316,294)
Changes of benefit terms	-	-
Benefit payments	(4,876,730)	(4,628,123)
Net Changes	\$ (13,282,686)	\$ 3,632,281
 Balance ending at June 30:	 2023	 2024
	\$189,423,449	\$193,055,730

Source: Audited financial reports of the District. For additional information see “APPENDIX - E” attached hereto. The above table is not audited.

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2024 and is attached hereto as “APPENDIX – E”. Certain financial information of the District can be found attached as Appendices to the Continuing Disclosure 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.

Seyfarth & Seyfarth CPAs, P.C., the independent auditor for the District, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Seyfarth & Seyfarth CPAs, P.C. also has not performed any procedures relating to this Official Statement.

New York State Comptroller Reports of Examination

The State Comptroller’s office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the 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. State Comptroller audits of the District that have been published in the last five years are summarized below.

The State Comptroller’s office released its most recent audit report of the District on February 10, 2023. The purpose of the audit was to determine whether Salmon River Central School District (District) officials accurately paid tuition for foster care students enrolled at other school districts for the period July 1, 2018 through July 31, 2022. Key findings and recommendations from the audit report are outlined below:

Key Findings:

District officials did not accurately pay tuition for foster care students enrolled care students enrolled at other school districts.

- Officials made payment errors for 14 (45 percent) of 31 foster care students who were enrolled at other school districts during the 2018-19 through 2021-22 school years. The District overpaid tuition by \$58,277 for 11 foster care students and underpaid tuition by \$1,007 for three foster care students.
- Officials did not provide oversight for or monitor foster care student tuition payments, which resulted in over- and underpayments.

Key Recommendations:

- Provide oversight to ensure that tuition bills have adequate supporting documentation and are accurately calculated before issuing payments.
- Consult with the District’s legal counsel concerning options available for recovering previous overpayments and compensating for identified underpayments.

A copy of the complete audit report including the District’s response to the Comptroller’s findings and recommendations can be found via the website of the Office of the New York State Comptroller.

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

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The State Comptroller’s Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the 2018-19 through 2022-23 fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	Susceptible	26.7
2022	No Designation	10.0
2021	No Designation	0.0
2020	No Designation	0.0
2019	No Designation	13.3

Note: The Fiscal Score for the 2023-24 fiscal year has not been calculated as of the date of this Official Statement.

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

Other Information

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

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Bangor	\$ 2,336,585	\$ 2,325,849	\$ 2,324,526	\$ 2,309,125	\$ 2,335,206
Bombay	75,422,851	75,971,339	74,260,843	74,859,259	76,533,358
Brasher	6,091,678	9,853,492 ⁽¹⁾	9,782,691	10,080,422	9,883,464
Fort Covington	62,078,189	63,284,263	63,783,036	65,956,160	67,548,447
Westville	42,432,017	42,798,895	42,911,679	43,469,697	43,875,952
Total Assessed Values	<u>\$ 188,361,320</u>	<u>\$ 194,233,838</u>	<u>\$ 193,062,775</u>	<u>\$ 196,674,663</u>	<u>\$ 200,176,427</u>
State Equalization Rates					
Towns of:					
Bangor	79.00%	78.00%	72.00%	67.00%	61.00%
Bombay	83.00%	80.00%	80.00%	73.00%	58.00%
Brasher	78.00%	100.00%	95.50%	85.00%	81.00%
Fort Covington	85.00%	83.00% ⁽¹⁾	77.00%	73.00%	64.00%
Westville	97.50%	93.00%	86.50%	73.00%	71.00%
Total Taxable Full Valuation	<u>\$ 218,191,632</u>	<u>\$ 230,065,941</u>	<u>\$ 238,742,207</u>	<u>\$ 267,751,140</u>	<u>\$ 315,325,643</u>

⁽¹⁾ Significant change from the previous year due to town-wide revaluation.

Source: District officials.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Bangor	\$ 11.47	\$ 10.91	\$ 11.39	\$ 10.91	\$ 10.38
Bombay	10.92	10.64	10.25	10.02	10.92
Brasher	11.62	8.51 ⁽¹⁾	8.59	8.60	7.82
Fort Covington	10.66	10.25	10.65	10.02	9.89
Westville	9.29	9.15	9.48	10.02	8.92

⁽¹⁾ Significant change from the previous year due to town-wide revaluation.

Source: District officials.

Tax Collection Procedure

District taxes are due during September without penalty. There is a 2% penalty if paid after September 30, and a 3% penalty if paid on or after October 31st. On or about November 3rd, a list of all unpaid taxes in each county is given to the county for re-levy on county/town tax rolls. The District is reimbursed by the county for all unpaid taxes before the end of the fiscal year in which the taxes are levied and is thus assured 100% collection of its annual levy. During the 2020-2021 fiscal year, there was only a 2% penalty due to October 31st taking place on a weekend.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Tax Levy	\$ 1,977,111	\$ 1,957,568	\$ 1,957,568	\$ 1,957,568	\$ 1,996,719
Amount Uncollected ⁽¹⁾	506,191	502,869	498,294	473,353	543,629
% Uncollected	25.60%	25.69%	25.45%	24.18%	27.23%

⁽¹⁾ See "Tax Collection Procedure" herein.

Source: District officials.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the School District for each of the below completed fiscal years, as well as budgeted figures for the 2024-25 fiscal year comprised of Real Property Taxes and Tax Items.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax & Tax Items</u>
2019-2020	\$ 43,342,379	\$ 1,684,612	3.89%
2020-2021	42,779,341	1,633,525	3.82
2021-2022	40,949,446	1,643,191	4.01
2022-2023	43,982,234	1,971,989	4.48
2023-2024	47,371,425	1,989,322	4.20
2024-2025 (Budgeted)	48,857,748 ⁽¹⁾	2,011,719	4.12

⁽¹⁾ Does not include \$1,224,946 of appropriated fund balance.

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

Ten Larger Taxpayers – 2024 Assessment Roll for 2024-25 District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
Franklin County	Government	\$ 23,563,870
Niagara Mohawk Power Corp/National Grid	Utility	14,513,074
St. Regis Mohawk Tribe	Government	2,394,325
Mohawk Gaming Enterprises LLC	Lodging	2,077,737
Meier Land Holding LLC	Agriculture	1,138,459
CSX Transportation	Railroad	1,315,897
State of New York	Government	995,651
Terrance, Carey	Commercial	938,200
Ellsworth, Donald J.	Agriculture	845,432
Ellsworth Homestead Inc.	Agriculture	836,453

The larger taxpayers listed have a total taxable assessed valuation of \$48,619,098, which represents 24.29% of the tax base of the District for the 2024-25 fiscal year.

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

Source: District Tax Rolls.

Additional Tax Information

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

Senior citizens' and Veterans' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-53%, Agricultural-9%, Commercial-2%, State Land-6%, and Other-30%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$990 including County, Town, School District and Fire District Taxes.

STAR – School Tax Exemption

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

STAR – School Tax Exemption. The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$98,700 or less in 2023-2024 and \$98,700 or less in 2024, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$81,400 for the 2023-24 school year and the first \$84,000 for the 2024-25 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 provides \$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:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Bangor	\$ 58,800	\$ 20,100	4/9/2024
Bombay	61,320	21,900	4/9/2024
Brasher	71,400	25,500	4/9/2024
Fort Covington	61,320	21,900	4/9/2024
Westville	62,660	23,100	4/9/2024

\$278,718 of the District’s \$1,957,568 school tax levy for 2023-24 was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2024.

\$250,987 of the District’s \$1,996,719 school tax levy for 2024-25 is anticipated to be exempt by the STAR Program. The District anticipates received full reimbursement of such exempt taxes from the State in January, 2025.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the 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.

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

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 the anticipation of the bonds. No down payment is required in connection with the issuance of District obligations. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specifications for such project have been approved by the commissioner of Education of the State.

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

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

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

The District has complied with this estoppel procedure in connection with the Notes.

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 Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 25,375,000	\$ 22,210,000	\$ 18,930,000	\$ 15,565,000	\$ 16,945,000
Bond Anticipation Notes	0	4,000,000	15,000,000	15,299,275	14,845,000
Revenue Anticipation Notes	<u>5,000,000</u>	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 30,375,000</u>	<u>\$29,210,0000</u>	<u>\$ 33,930,000</u>	<u>\$ 30,864,275</u>	<u>\$ 31,790,000</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of December 27, 2024.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2025-2039	\$ 17,110,000
Revenue Anticipation Notes	June 27, 2025	10,000,000
<u>Bond Anticipation Notes:</u>		
Capital Project	June 27, 2025	<u>14,845,000</u>
	Total Indebtedness:	<u>\$ 41,955,000</u>

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared and shown as of December 27, 2024:

Full Valuation of Taxable Real Property	\$	315,325,643
Debt Limit 10% thereof.....		31,532,564

Inclusions:

Bonds.....	\$	17,110,000
Bond Anticipation Notes (BANs):		<u>14,845,000</u>
Total Inclusions prior to issuance of the Notes		<u>31,955,000</u>
Less: BANs being redeemed from appropriations		0
Add: New money proceeds of the Notes		<u>1,000,000</u>
Total Net Inclusions after issuance of the Notes	\$	32,955,000

Exclusions:

State Building Aid ⁽¹⁾	\$	<u>28,802,200</u>
Total Exclusions.....		<u>\$ 28,802,200</u>

Total Net Indebtedness <u>after issuance of the Notes</u>	\$	<u>4,152,800</u>
Net Debt-Contracting Margin	\$	<u>27,379,764</u>
The percent of debt contracting power exhausted is		13.17%

⁽¹⁾ Represents an estimate of monies receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent request for an exclusion certificate (dated July 16, 2024) applied for and pending receipt by the District from the State Commissioner of Education. Based on preliminary 2024-25 building aid estimates, the District anticipates State Building aid of 98.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates; however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds. See “Building Aid Estimate” herein. Does not include anticipated building aid for the capital project for which the Notes are being issued.

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

Building Aid Estimate

Pursuant to the provision of Chapter 760 of the Laws of the State of New York of 1963, the District is eligible to receive a formal Building Aid Estimate from the New York State Department of Education (“SED”). The District has applied for and received such an estimate, resulting in the following calculations for the 2024-25 fiscal year:

<u>Issue</u>	<u>SED Assumed Principal Balance Outstanding</u>	<u>Building Aid Ratio</u>	<u>Estimated Building Aid</u>
QZAB Bonds, 2011	\$ 390,000	98.0%	\$ 382,200
DASNY Bonds, 2018	11,275,000	98.0	11,049,500
Bond Anticipation Notes, 2024	14,845,000	98.0	14,548,100
DASNY Bonds, 2024	2,880,000	98.0	<u>2,822,400</u>
		Total:	<u>\$ 28,802,200</u>

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 District’s outstanding bonds.

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 has issued revenue anticipation notes on an annual basis to cover expenditures associated with the operations of the State owned St. Regis Mohawk School (“SRMS”). The formula aid that is attributable to the attendance of students at the SRMS is very difficult to compute in a timely manner, causing local cash flow problems and making it difficult to accurately report fund balance. All costs to operate the school are reimbursed to the District each year after final invoices are processed by the State around January of the following school year. The operating budget of SRMS for the fiscal year ending 2024-25 is approximately \$11.4 million.

The current SRMS contract with the State expires on June 30, 2030. A failure to renew the SRMS Contract or a delay of payments to be made under the SRMS Contract would have a material adverse effect upon the District’s finances. The District currently anticipates continued cash flow borrowings in general accord with the pattern outlined over the past ten fiscal years in the table below:

<u>Fiscal Year</u> <u>Ending June 30th</u>	<u>Amount</u>	<u>Type</u>	<u>Issue Date</u>	<u>Due Date</u>
2013-14	\$ 8,000,000	RAN	6/19/13	6/19/14
2014-15	9,000,000	RAN	6/18/14	6/18/15
2015-16	9,000,000	RAN	6/17/15	6/17/16
2016-17	9,000,000	RAN	6/16/16	6/16/17
2017-18	9,000,000	RAN	6/28/17	6/28/18
2018-19	5,000,000	RAN	6/28/18	6/28/19
2019-20	5,000,000	RAN	6/27/19	6/27/20
2020-21	5,000,000	RAN	6/25/20	6/25/21
2021-22	3,000,000	RAN	6/24/21	6/24/22
2022-23	--	--	--	--
2023-24	--	--	--	--
2024-25	10,000,000	RAN	8/29/2024	6/27/2025

The District did not find it necessary to issue revenue anticipation notes during the 2022-23 and 2023-24 fiscal years. The District issued \$10,000,000 revenue anticipation notes on August 29, 2024 to offset any potential revenue shortfalls caused by a delay in payments to be made under the SRMS Contract.

Source: District officials and audited financial statements of the District.

Capital Project Plans

On May 21, 2019, the qualified voters of the District approved a proposition authorizing a capital project consisting of renovations, additions, alterations and improvements to the District’s existing K-12 building and campus as well as demolition and reconstruction of the District’s existing Salt Storage Building at a maximum estimated cost of \$26,500,000 (the “2019 Capital Project”). The District will utilize \$1,000,000 of fund balance and \$10,145,725 Native American Aid to offset the cost of the 2019 Capital Project, with 98% of the balance of costs to be reimbursed with State building aid. To date, the District has issued \$15,354,275 bond anticipation notes pursuant to this authorization, of which \$14,845,000 bond anticipation notes are currently outstanding and will mature on June 27, 2025. Proceeds of the Notes will provide \$1,000,000 in new money for the 2019 Capital Project.

On May 21, 2024, the qualified voters of the District approved a proposition authorizing a capital improvement project consisting of the construction of an approximately 16 acre, 5 megawatt solar array and associated construction located on District-owned property situated to the west of the Fort Covington campus in an existing wooded area (the “Solar Project”) at a total maximum estimated cost of \$16,000,000 and further authorized the issuance of up to \$16,000,000 in bonds and notes to finance the Solar Project. State building aid and further incentives from NYSERDA (New York State Energy Research and Development Authority) and the Inflation Reduction Act will be utilized to partially offset costs of the Solar Project. The Solar Project is currently on hold due to issues related to the local utility company.

The District typically issues bonds on an annual basis to finance the acquisition of buses.

Other than for the projects stated above, the District has no other authorized and unissued indebtedness for capital or other purposes at this time.

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 bonds and bond anticipation notes are listed as of the close of the respective fiscal years of the below municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Franklin	12/31/2022	\$ 193,275 ⁽³⁾	\$ -	\$ 193,275	5.02%	\$ 9,702
St. Lawrence	6/30/2024	21,750,000 ⁽³⁾	455,000 ⁽²⁾	21,295,000	0.15%	31,943
Town of:						
Bangor	12/31/2022	435,602 ⁽⁴⁾	N/A ⁽⁵⁾	435,602	2.83%	12,328
Bombay	12/31/2022	- ⁽⁴⁾	N/A ⁽⁵⁾	-	99.63%	-
Brasher	12/31/2022	1,210,773 ⁽⁴⁾	N/A ⁽⁵⁾	1,210,773	7.45%	90,203
Fort Covington	12/31/2022	105,000 ⁽⁴⁾	N/A ⁽⁵⁾	105,000	100.00%	105,000
Westville	12/31/2022	128,305 ⁽⁴⁾	N/A ⁽⁵⁾	128,305	57.48%	73,750
Total:						<u>\$ 322,925</u>

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

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of December 17, 2024:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 4,152,800	\$ 542.07	1.32%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	4,475,725	584.22	1.42

- (a) The 2023 population of the District is estimated to be 7,661. (See "THE SCHOOL DISTRICT – Population" herein.)
- (b) The District's full value of taxable real estate for the 2024-2025 fiscal year is \$ 315,325,643. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
- (d) The District's applicable share of Net Overlapping Indebtedness is estimated to be \$322,925. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios take into account State building aid the District expects to receive for past and current construction building projects. (see "Building Aid Estimate" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

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

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

MARKET AND RISK FACTORS

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

The financial condition of the School District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the School District's control. There can be no assurance that adverse events in the State or 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 of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the School 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 State’s ability to borrow funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the impact to the State’s economy and financial condition due to the novel coronavirus (“COVID-19”) outbreak and other circumstances, including State fiscal stress. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. 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. (See also “THE SCHOOL DISTRICT - State Aid”).

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

Current and future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See “TAX MATTERS” 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 WJ Marquardt PLLC, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the School District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. The proposed form of the opinion of Bond Counsel is set forth in. “APPENDIX – D” herein

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

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

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is excluded from adjusted gross income for federal income taxes imposed by the State of New York and the City of New York, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect an Owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

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

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of WJ Marquardt PLLC, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – D".

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.

On February 14, 2019, the Child Victims Act ("CVA") was signed into law in New York. The CVA created a limited-duration window for victims of childhood sexual abuse to file previously time-barred civil lawsuits against individual alleged abusers and their then-employers. The CVA has resulted in thousands of lawsuits State-wide against entities such as schools, churches, and youth organizations. To date, one CVA lawsuit has been filed against the District. This matter is still pre-RJI, meaning that discovery has not yet started. Until such time as discovery is complete and the reports of medical and economic experts have been evaluated, the District will be unable to assess whether this claim will have a material impact on the District's finances.

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

CONTINUING DISCLOSURE

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

Continuing Disclosure Compliance History

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

- The District failed to file an event notice relating to the assignment of a Moody's short-term note rating on July 25, 2022. The filing was required to be made within 10 business days, however, due to clerical oversight an event notice was not filed until September 19, 2022.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

The Municipal Advisor intends to provide the purchaser of the issue with CUSIP identification numbers, in compliance with MSRB Rule G-34, (a)(i) (A)-(H). As is further discussed in Rule G-34 the purchaser, as the "dealer who acquires" the issue, is responsible for the registration fee to the CUSIP Bureau for this service. 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.

RATINGS

The Notes are NOT rated. Pending the approval of the District, the purchaser of the Notes may choose to have a rating completed after the sale at the expense of the purchaser, including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA and/or the provision of a supplement to the final Official Statement.

The District does not currently have an underlying rating on its outstanding long-term general obligation bonds.

On June 7, 2024 Moody's Ratings (Moody's) assigned their short-term rating of "MIG 1" to the District's \$14,845,000 Bond Anticipation Notes, 2024 (Renewals) dated June 27, 2024.

On August 21, 2024 Moody's assigned their short-term rating of "MIG 1" to the District's \$10,000,000 Revenue Anticipation Notes, 2024 dated August 29, 2024.

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 or notes may have an adverse effect on the market price of the Notes.

MISCELLANEOUS

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

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

District documents or oral presentation, the words “anticipate”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, or similar words are intended to identify forward-looking statements.

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

WJ Marquardt PLLC, Skaneateles, 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: Natascha Jock, School Business Executive, Salmon River Central School District, 637 County Rt. 1, Fort Covington, New York 12937, Phone: (518) 358-6608, Fax: (518) 358-3492, Email: njock@mail.fehb.org.

The District’s Bond Counsel information is as follows: William J. Marquardt, Esq., WJ Marquardt PLLC, 33 East Genesee St. Suite 200, Skaneateles NY, 13152, Phone: (315) 612-7777, Fax: (315) 291-7078, email: william.marquardt@lawwjm.com.

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 or www.fiscaladvisorsauction.com.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Dated: December 27, 2024

EMILY LAUZON
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>ASSETS</u>					
Cash:					
Unrestricted	\$ 5,558,968	\$ 7,156,456	\$ 3,638,038	\$ 743,992	\$ -
Restricted	6,583,601	6,587,197	9,586,862	10,965,642	3,619,419
Receivables:					
Taxes	-	-	-		
Other	2,886,014	4,443,536	2,370,967	1,915,319	3,170,150
Due from Other Funds	3,119,213	2,958,499	2,540,738	4,639,810	7,032,395
State and Federal Aid	5,363,828	2,043,840	1,862,972	2,452,587	6,450,649
Overpayments & collections in advance	60,124	15,006	30,156	-	39,827
Deferred Expenditures	-	4,053	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 23,571,748</u>	<u>\$ 23,208,587</u>	<u>\$ 20,029,733</u>	<u>\$ 20,717,350</u>	<u>\$ 20,312,440</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 2,454,796	\$ 842,937	\$ 1,200,300	\$ 583,664	\$ 352,690
Accrued Liabilities	19,460	10,244	515,463	23,680	93,058
Accrued Interest	1,035	45,637	169,256	519,506	4,929
Due to Funds	-	-	-	-	437,645
Due to Other Governments	-	697,616	383,592	473,000	35,667
Due to Teachers' Retirement System	1,276,408	1,423,400	1,441,442	138,665	1,579,047
Due to Employees' Retirement System	166,697	194,310	140,422	1,707,196	259,562
Payroll Liabilities	-	329	35,111	219,759	38,649
Notes Payable	5,000,000	3,000,000	-	38,067	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>8,918,396</u>	<u>6,214,473</u>	<u>3,885,586</u>	<u>3,703,537</u>	<u>2,801,247</u>
 <u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	6,583,601	6,587,197	9,586,862	10,965,642	9,696,688
Assigned	664,095	642,499	1,218,474	680,707	1,541,633
Unassigned	7,405,656	9,764,418	5,338,811	5,367,464	6,272,872
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND EQUITY	<u>14,653,352</u>	<u>16,994,114</u>	<u>16,144,147</u>	<u>17,013,813</u>	<u>17,511,193</u>
 TOTAL LIABILITIES & FUND EQUITY	 <u>\$ 23,571,748</u>	 <u>\$ 23,208,587</u>	 <u>\$ 20,029,733</u>	 <u>\$ 20,717,350</u>	 <u>\$ 20,312,440</u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES					
Real Property Taxes	\$ 1,684,612	\$ 1,633,525	\$ 1,643,191	\$ 1,658,226	\$ 1,678,805
Other Tax Items	404,223	355,457	331,449	313,763	310,517
Charges for Services	5,716,733	5,374,377	4,685,398	5,478,704	6,628,891
Use of Money & Property	240,889	93,682	133,947	544,314	528,833
Sale of Property and Compensation for Loss	57,940	26,440	57,904	159,414	143,724
Miscellaneous	424,806	801,895	562,956	786,095	816,562
Interfund Revenues	904	832	858	951	558
Revenues from State Sources	34,674,477	33,639,821	33,210,850	34,933,403	37,205,318
Revenues from Federal Sources	137,795	853,312	322,893	107,364	58,217
Total Revenues	<u>\$ 43,342,379</u>	<u>\$ 42,779,341</u>	<u>\$ 40,949,446</u>	<u>\$ 43,982,234</u>	<u>\$ 47,371,425</u>
Other Sources:					
Interfund Transfers	<u>78,882</u>	<u>39,334</u>	<u>12,097</u>	<u>4,731</u>	<u>-</u>
Total Revenues and Other Sources	<u>43,421,261</u>	<u>42,818,675</u>	<u>40,961,543</u>	<u>43,986,965</u>	<u>47,371,425</u>
EXPENDITURES					
General Support	\$ 6,305,561	\$ 5,559,792	\$ 5,024,024	\$ 5,600,726	\$ 6,011,105
Instruction	18,930,742	17,478,000	19,091,746	19,128,020	20,879,794
Pupil Transportation	738,082	841,127	850,627	923,868	997,086
Community Services	18,846	16,700	9,676	9,000	9,000
Employee Benefits	10,567,290	11,018,107	10,936,161	11,195,389	11,597,286
Debt Service	4,969,491	4,804,651	5,030,989	5,403,289	4,794,689
Total Expenditures	<u>\$ 41,530,012</u>	<u>\$ 39,718,377</u>	<u>\$ 40,943,223</u>	<u>\$ 42,260,292</u>	<u>\$ 44,288,960</u>
Other Uses:					
Interfund Transfers	<u>494,799</u>	<u>759,536</u>	<u>868,287</u>	<u>857,007</u>	<u>2,585,085</u>
Total Expenditures and Other Uses	<u>42,024,811</u>	<u>40,477,913</u>	<u>41,811,510</u>	<u>43,117,299</u>	<u>46,874,045</u>
Excess (Deficit) Revenues Over Expenditures	<u>1,396,450</u>	<u>2,340,762</u>	<u>(849,967)</u>	<u>869,666</u>	<u>497,380</u>
FUND BALANCE					
Fund Balance - Beginning of Year	Fund Balance - I	14,653,352	16,994,114	16,144,147	17,013,813
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>#VALUE!</u>	<u>\$ 16,994,114</u>	<u>\$ 16,144,147</u>	<u>\$ 17,013,813</u>	<u>\$ 17,511,193</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2024			2025
	Adopted Budget	Final Budget	Actual	Adopted Budget
REVENUES				
Real Property Taxes	\$ 1,972,568	\$ 1,657,568	\$ 1,678,805	\$ 2,011,719
Other Tax Items	-	315,000	310,517	-
Charges for Services	6,839,140	5,313,420	6,628,891	7,061,872
Use of Money & Property	185,942	190,942	528,833	213,175
Sale of Property and Compensation for Loss	10,190	10,190	143,724	-
Miscellaneous	242,000	352,000	816,562	297,190
Interfund Revenues	-	-	558	-
Revenues from State Sources	38,217,240	39,890,880	37,205,318	39,273,792
Revenues from Federal Sources	-	25,000	58,217	-
Total Revenues	<u>\$ 47,467,080</u>	<u>\$ 47,755,000</u>	<u>\$ 47,371,425</u>	<u>\$ 48,857,748</u>
Other Sources:				
Interfund Transfers	-	-	-	-
Total Revenues and Other Sources	<u>47,467,080</u>	<u>47,755,000</u>	<u>47,371,425</u>	<u>48,857,748</u>
EXPENDITURES				
General Support	\$ 6,719,609	\$ 6,774,631	\$ 6,011,105	\$ 6,813,044
Instruction	20,079,474	21,419,469	20,879,794	21,895,124
Pupil Transportation	2,838,500	2,123,308	997,086	3,176,500
Community Services	17,000	17,000	9,000	9,000
Employee Benefits	12,464,821	12,187,525	11,597,286	9,843,814
Debt Service	5,258,393	4,828,689	4,794,689	7,645,212
Total Expenditures	<u>\$ 47,377,797</u>	<u>\$ 47,350,622</u>	<u>\$ 44,288,960</u>	<u>\$ 49,382,694</u>
Other Uses:				
Interfund Transfers	650,000	2,585,085	2,585,085	700,000
Total Expenditures and Other Uses	<u>48,027,797</u>	<u>49,935,707</u>	<u>46,874,045</u>	<u>50,082,694</u>
Excess (Deficit) Revenues Over Expenditures	<u>(560,717)</u>	<u>(2,180,707)</u>	<u>497,380</u>	<u>(1,224,946)</u>
FUND BALANCE				
Fund Balance - Beginning of Year	560,717	2,180,707	17,013,813	1,224,946
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,511,193</u>	<u>\$ -</u>

Source: 2023-24 audited financial report and 2023-24 and 2024-25 budgets (unaudited) of the District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest ⁽¹⁾	Total
2025	\$ 2,025,000	\$ 842,258	\$ 2,867,258
2026	2,205,000	745,317	2,950,317
2027	2,005,000	643,933	2,648,933
2028	1,995,000	553,344	2,548,344
2029	1,980,000	460,838	2,440,838
2030	1,755,000	371,938	2,126,938
2031	1,655,000	289,000	1,944,000
2032	1,735,000	206,250	1,941,250
2033	1,070,000	119,500	1,189,500
2034	225,000	66,000	291,000
2035	235,000	54,750	289,750
2036	250,000	43,000	293,000
2037	260,000	30,500	290,500
2038	270,000	17,500	287,500
2039	80,000	4,000	84,000
TOTALS	\$ 17,745,000	\$ 4,448,127	\$ 22,193,127

⁽¹⁾ A portion of the interest expense is returned to the District as part of a direct pay subsidy related to QZAB bond financings.

Note: The above table does not include any energy performance contract, capital lease or installment purchase indebtedness, to the extent any such indebtedness may be applicable to the District.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2011 QSCB ⁽¹⁾			2018 DASNY - Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 195,000	\$ 2,340	\$ 197,340	\$ 1,090,000	\$ 563,750	\$ 1,653,750
2026	195,000	780	195,780	1,150,000	509,250	1,659,250
2027	-	-	-	1,200,000	451,750	1,651,750
2028	-	-	-	1,260,000	391,750	1,651,750
2029	-	-	-	1,325,000	328,750	1,653,750
2030	-	-	-	1,395,000	262,500	1,657,500
2031	-	-	-	1,460,000	192,750	1,652,750
2032	-	-	-	1,535,000	119,750	1,654,750
2033	-	-	-	860,000	43,000	903,000
TOTALS	\$ 390,000	\$ 3,120	\$ 393,120	\$ 11,275,000	\$ 2,863,250	\$ 14,138,250

⁽¹⁾ The District is eligible to receive a payment from the United States Treasury Department for 100% of the interest owed for these bonds. For years in which sequestration occurs, the District may receive less than 100%.

Fiscal Year Ending June 30th	2024 DASNY - Capital Project		
	Principal	Interest	Total
2025	\$ 105,000	\$ 185,200	\$ 290,200
2026	155,000	138,750	293,750
2027	160,000	131,000	291,000
2028	170,000	123,000	293,000
2029	180,000	114,500	294,500
2030	185,000	105,500	290,500
2031	195,000	96,250	291,250
2032	200,000	86,500	286,500
2033	210,000	76,500	286,500
2034	225,000	66,000	291,000
2035	235,000	54,750	289,750
2036	250,000	43,000	293,000
2037	260,000	30,500	290,500
2038	270,000	17,500	287,500
2039	80,000	4,000	84,000
TOTALS	\$ 2,880,000	\$ 1,272,950	\$ 4,152,950

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2019 Serial Bonds - Buses			2020 Serial Bonds - Buses		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 105,000	\$ 853	\$ 105,853	\$ 95,000	\$ 1,970	\$ 96,970
2026	-	-	-	100,000	700	100,700
TOTALS	\$ 105,000	\$ 853	\$ 105,853	\$ 195,000	\$ 2,670	\$ 197,670

Fiscal Year Ending June 30th	2021 Serial Bonds - Buses			2022 Serial Bonds - Buses		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 95,000	\$ 3,031	\$ 98,031	\$ 100,000	\$ 16,053	\$ 116,053
2026	95,000	1,844	96,844	100,000	12,103	112,103
2027	100,000	625	100,625	105,000	7,639	112,639
2028	-	-	-	105,000	2,625	107,625
TOTALS	\$ 290,000	\$ 5,500	\$ 295,500	\$ 410,000	\$ 38,419	\$ 448,419

Fiscal Year Ending June 30th	2023 Serial Bonds - Buses			2024 Serial Bonds - Buses		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 240,000	\$ 69,061	\$ 309,061	\$ -	\$ -	\$ -
2026	275,000	37,313	312,313	135,000	44,578	179,578
2027	285,000	27,513	312,513	155,000	25,406	180,406
2028	295,000	17,363	312,363	165,000	18,606	183,606
2029	305,000	6,100	311,100	170,000	11,488	181,488
2030	-	-	-	175,000	3,938	178,938
TOTALS	\$ 1,400,000	\$ 157,349	\$ 1,557,349	\$ 800,000	\$ 104,016	\$ 904,016

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

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

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

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

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

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

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FORM OF OPINION OF BOND COUNSEL – THE NOTES

January 23, 2025

Salmon River Central School District
637 County Rt. 1
Fort Covington, New York 12937

Re: Salmon River Central School District
\$1,000,000 Bond Anticipation Notes, 2025 CUSIP No.: _____

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$1,000,000 Bond Anticipation Notes, 2025 (the "Notes") of the Salmon River Central School District, Counties of Franklin and St. Lawrence, State of New York (the "District"). The Notes are dated January 23, 2025 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District and a Certificate of Determination dated on or before January 23, 2025 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

In our opinion, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes.

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

The scope of our engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. The opinions expressed herein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of or interest on the Notes as the same respectively become due and payable. Reference should be made to the Official Statement for factual information, which, in the judgment of the School District would materially affect the ability of the School District to pay such principal and interest. We have not verified the accuracy, completeness or fairness of the factual information contained in the Official Statement and, accordingly, no opinion is expressed by us as to whether the School District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in light of the circumstances under which they were made, not misleading.

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

Very truly yours,

WJ MARQUARDT PLLC

SALMON RIVER CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

The District's independent auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report, not has performed any procedures relating to this Official Statement.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Financial Statements and
Supplementary Information

June 30, 2024

SALMON RIVER CENTRAL SCHOOL DISTRICT

Table of Contents

	<u>Pages</u>
Independent Auditor's Report	1 - 4
Management's Discussion and Analysis	5 - 20
Audited Basic Financial Statements:	
Statement of Net Position	21
Statement of Activities and Changes in Net Position	22
Balance Sheet - Governmental Funds - Governmental Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds - Governmental Activities	24
Statement of Fiduciary Net Position - Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	26
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	27 - 28
Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Balance to Statement of Activities	29
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Net Changes in Fund Balance to Statement of Activities	30
Notes to Audited Basic Financial Statements	31 - 65
Required Supplementary Information:	<u>Schedule</u>
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	1 66
Schedule of Changes in Net Other Post Employment Benefit Liability	2 67
Schedule of District's Proportionate Share of the Net Pension Asset (Liability) - NYSLRS Pension Plan	3 68
Schedule of District's Contributions - NYSLRS Pension Plan	4 69
Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund	5 70
Schedule of Project Expenditures - Capital Project Funds	6 71
Schedule of Revenues and Expenditures for the Mohawk School - General Fund	7 72
Combined Balance Sheet- Non-Major Governmental Funds	8 73

SALMON RIVER CENTRAL SCHOOL DISTRICT

Table of Contents, Continued

	<u>Schedule</u>	<u>Pages</u>
Supplementary Information, Continued:		
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	9	74
Investment in Capital Assets, Net of Related Debt	10	75
Extra Classroom Activity Funds:		
Independent Auditor's Report on Extra Classroom Activity Funds		76 - 77
Extra Classroom Activity Funds - Statement of Assets, Liabilities and Net Position Arising from Cash Transactions		78
Extra Classroom Activity Funds - Schedule of Cash Receipts, Disbursements and Ending Balances		79
Extra Classroom Activity Funds - Note to Financial Statement		80
Federal Award Program Information:		
Schedule of Expenditures of Federal Awards		81
Notes to Schedule of Expenditures of Federal Awards		82
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		83 - 84
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		85 - 88
Schedule of Findings and Questioned Costs		89 - 90
Summary Schedule of Prior Audit Findings		91



INDEPENDENT AUDITOR'S REPORT

Board of Education
Salmon River Central School District:

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salmon River Central School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 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 District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 GAAS, 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 on pages 5 through 20 and the budgetary comparison and information on other post-employment benefits, ERS and TRS pension plans on pages 66 through 69 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying information as listed in the table of contents and the schedule of expenditures of federal awards as required by Title 2 U.S. Code Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Education
Page 4 of 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Syracuse, New York
October 29, 2024



FustCharles LLP

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2024

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

SCHOOL DISTRICT OVERVIEW AND HIGHLIGHTS

The Salmon River Central School District is located in northern New York State on the Canadian Border. Centralized in 1955, the District provides a public education to approximately 1,400 students from the towns of Bangor, Bombay, Fort Covington and Westville in Franklin County, the town of Brasher in St. Lawrence County and the Saint Regis Mohawk Indian Reservation. It encompasses an area of approximately 128 square miles with an estimated population of 6,800.

The District is a mixture of residential and agricultural areas, with many of its residents commuting to Malone, Massena and Potsdam for employment. The District operates two (2) facilities: the Campus School (pre k-12th grade) located in the town of Fort Covington and the St. Regis Mohawk School (pre k - 5th grades) located in the town of Bombay. Approximately 59% of the School District population is comprised of students from families living on the St. Regis Mohawk Reservation and 66% of the student body is of Native American heritage. Salmon River is also unique in that education is provided to both Canadian and New York children from the Reservation via contracts with the State of New York to provide transportation and education for these students.

The St. Regis Mohawk School (SRMS) is owned by the State of New York, but operated by the District. As per the reservation school contract with the State, all expenses generated by the St. Regis Mohawk School are funded through State formula aid with the balance due billed to and paid for with special State purpose monies. This contract expires on June 30, 2030. The District currently obtains a revenue anticipation note (RAN) to cover the expenditures for the SRMS until New York State sends reimbursement. The amount currently due is \$2,398,539.

Native Americans have a choice of School Districts they can attend when the reservation borders more than one district. New York State pays tuition under an approved formula for these students to attend Salmon River Central Schools since they reside on tax exempt land of the School District. The tuition contract expires on June 30, 2030. The amount currently due is \$2,426,290.

New York State also pays 100% of the transportation costs for Native American students that choose to attend the Campus School. These costs are reimbursed based on the ratio of bus runs used for the Reservation area compared to the total number of bus runs. The ratio is approximately 65.85% for the 2023-2024 year. The transportation contract is an annual contract that renews automatically. The amount currently due the District is \$5,678,519.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

SCHOOL DISTRICT OVERVIEW AND HIGHLIGHTS, Continued

The funds generated from these contracts, in conjunction with State Aid, the State's School Tax Relief (STAR) program and our local school tax contributions provide the basis for the School District's financial structure. Access to State and Federal grants, along with Native American Aid, has assisted the District in maintaining a very reasonable five (5) year average tax rate per thousand dollars of \$6.34 on full property value.

The State has calculated our combined wealth measure to be 0.174. To put this number into perspective, 1.0 equals the average wealth for a District. This number continues to place us as the *absolute poorest school district in the State* as measured by our income and property wealth. Based on the 2023-24 State Aid Factors data, the State average property value and income behind each pupil was \$827,600 and \$399,800, respectively. Our corresponding figures were \$170,052 and \$60,421. As these figures clearly express, we are a District burdened with substantial poverty and a lack of wealth.

The School District employs approximately 445 full and part time professional and support staff. These employees are organized into three (3) collective bargaining units (teaching staff, support staff and administration). The teaching staffs' contract agreement will expire on June 30, 2028. The administrators' contract negotiations will expire on June 30, 2026. The support staff contract will expire June 30, 2025.

Student enrollment declined this school year to 1,372. The reason for this decline in enrollment is due in part to the new immunization laws that were passed. Many students chose to home school or go to school in Canada rather than get the required immunizations that had previously been exempt due to religious beliefs. Enrollment projections based on data from an FEH BOCES study confirm continued steady enrollment for several years to come.

A field improvement project in the amount of \$7.4M was approved by voters in October 2021 and work began in September 2023. Work is scheduled to be completed September 2024. A \$16M solar project was voted on in May 2024. The project will install a 5 mega-watts solar field that will provide enough power to eliminate the need to power from national grid. The project is expected to be completed by December 2025.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of 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 fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column.
- The governmental funds statements tell how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.


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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management’s Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

The following summarizes the major features of the School District’s financial statements, including the portion of the School District’s activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements			
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance.	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities’ monies
Required Financial Statements	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures and Changes in Fund Balance	5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Deferred outflows of resources/liabilities/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow / Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

District-Wide Statements

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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 statements report the School District's net position and how it has 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, you need to consider additional non-financial 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.

In the district-wide financial statements, the School District's funds 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 and federal 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 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:

- Some funds are required to be established by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Fund Financial Statements, Continued

The 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 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance School District programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship and/or differences between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and 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.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. The net assets reflect mainly reserved and unreserved fund balance. The School District's net assets also reflect its investment in capital assets less any related debt used to acquire those assets that is still outstanding. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The debt is paid through the use of state building aid, Native American aid and EXCEL aid. The remaining balance of unrestricted net assets may be used to meet the School District's ongoing activities. The current assets are shifting from cash to capital assets. This reflects the payments made for the capital project in progress.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

The following schedule summarizes the School District's net assets. The complete Statement of Net Assets can be found in the School District's basic financial statements.

	<u>2022-2023</u>	<u>2023-2024</u>
Assets:		
Current and other assets	\$ 25,133,042	24,254,030
Capital assets, net	<u>107,239,744</u>	<u>111,345,807</u>
Total assets	132,372,786	135,599,837
Deferred outflows of resources	<u>37,821,960</u>	<u>30,616,537</u>
Total assets and deferred outflows of resources	<u>\$ 170,194,746</u>	<u>166,216,374</u>
Liabilities:		
Current liabilities	22,138,995	19,813,397
Long-term debt outstanding	<u>208,673,949</u>	<u>213,111,661</u>
Total liabilities	230,812,944	232,925,058
Deferred inflows of resources	<u>28,309,942</u>	<u>24,248,684</u>
Total liabilities and deferred inflows of resources	<u>259,122,886</u>	<u>257,173,742</u>
Net position:		
Invested in capital assets, net of related debt	74,757,962	92,945,759
Restricted	10,965,642	9,696,688
Unrestricted	<u>(174,651,744)</u>	<u>(193,599,815)</u>
Total net position	<u>\$ (88,928,140)</u>	<u>(90,957,368)</u>

In general, current assets are those assets that are available to satisfy current obligations and current liabilities are those liabilities that will be paid within one year. Current assets consist primarily of cash equivalents of \$6.1 million, and state and federal aid receivables of \$16.7 million.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

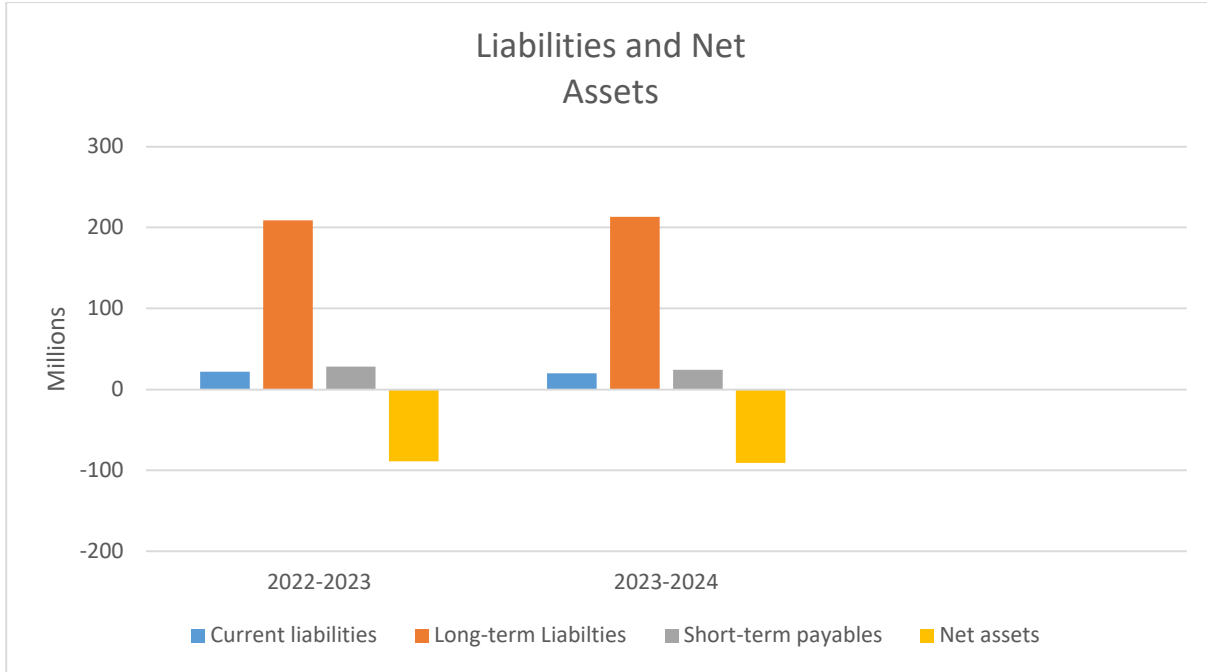


The change in net liabilities is due largely to the implementation of GASB 75 rules requiring Districts to show long-term employment benefits as a liability. This represents mainly the long term health insurance benefit for our retired and active employees. The impact to the statements this year for GASB 75 caused the unrestricted net assets to become negative as there are not enough assets available to cover the \$193 million in other post-employment benefits liabilities. This is not uncommon given that the liability is not required to be fully funded.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued



Liabilities consist primarily of long-term debt of \$14.9 million, short-term payables of \$1.1 million, short-term bonds payable of \$16.9 million, and post-employment benefits of \$193 million.

The Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues, including tax revenue, investment earnings, and unrestricted state and federal aid, must support the net cost of the School District's programs.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management’s Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

The following schedule summarizes the School District’s activities. The complete Statement of Activities can be found in the School District’s basic financial statements.

	<u>2022-2023</u>	<u>2023-2024</u>
Revenues:		
Property and other tax items	\$ 1,971,989	1,989,322
Use of money and property	420,511	459,844
Miscellaneous	898,890	1,289,650
State sources	37,892,144	35,604,198
Federal sources	<u>5,957,581</u>	<u>6,921,838</u>
 Total revenues	 <u>47,141,115</u>	 <u>46,264,852</u>
 Expenses:		
General support	10,042,580	11,277,709
Instruction	28,227,188	29,039,289
Pupil transportation	4,610,379	5,875,064
Debt service	1,183,702	1,354,117
Community service	15,534	13,759
Other expenditures	23,915	23,330
School lunch program - cost of food sales	<u>584,825</u>	<u>710,812</u>
 Total expenses	 <u>44,688,123</u>	 <u>48,294,080</u>
 Change in net assets	 \$ <u>2,452,992</u>	 <u>(2,029,228)</u>

The School District is heavily dependent on State, Federal and Native American aid for its funding. Together they account for 93% of our total revenue.

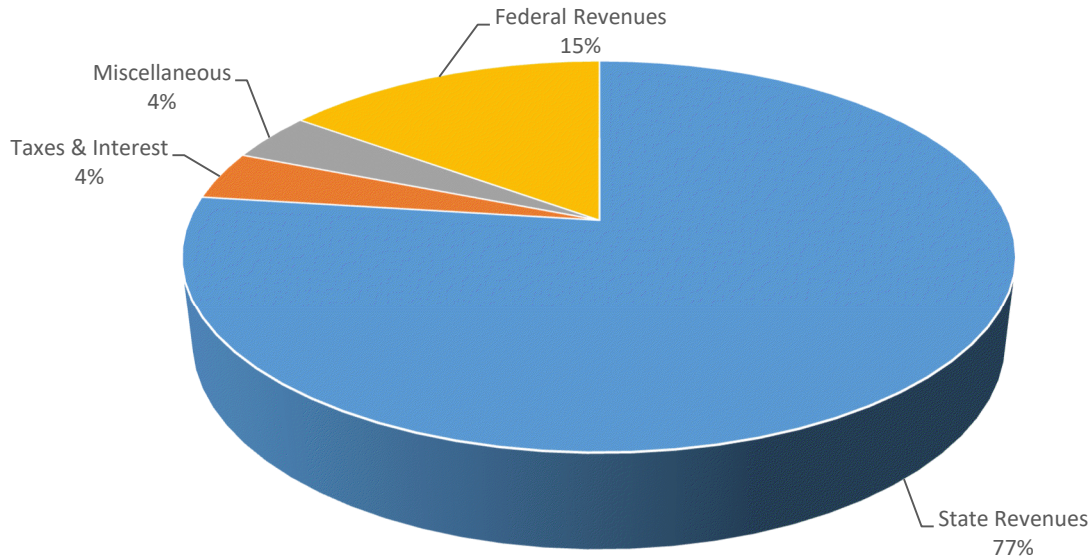
It should be noted that the district’s tax levy contributes only 4% of our total revenues or \$1,989,322 with the STAR program. Our District has always made a strong effort to keep taxes at a reasonable level. In the 2023-24 year, the tax levy remained the same. The District did require a supermajority based on the 2% tax cap formula, which was approved by the voters. Residents will be eligible for the tax freeze incentives issued by NYS.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management’s Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

Sources of Revenues for Fiscal Year 2024

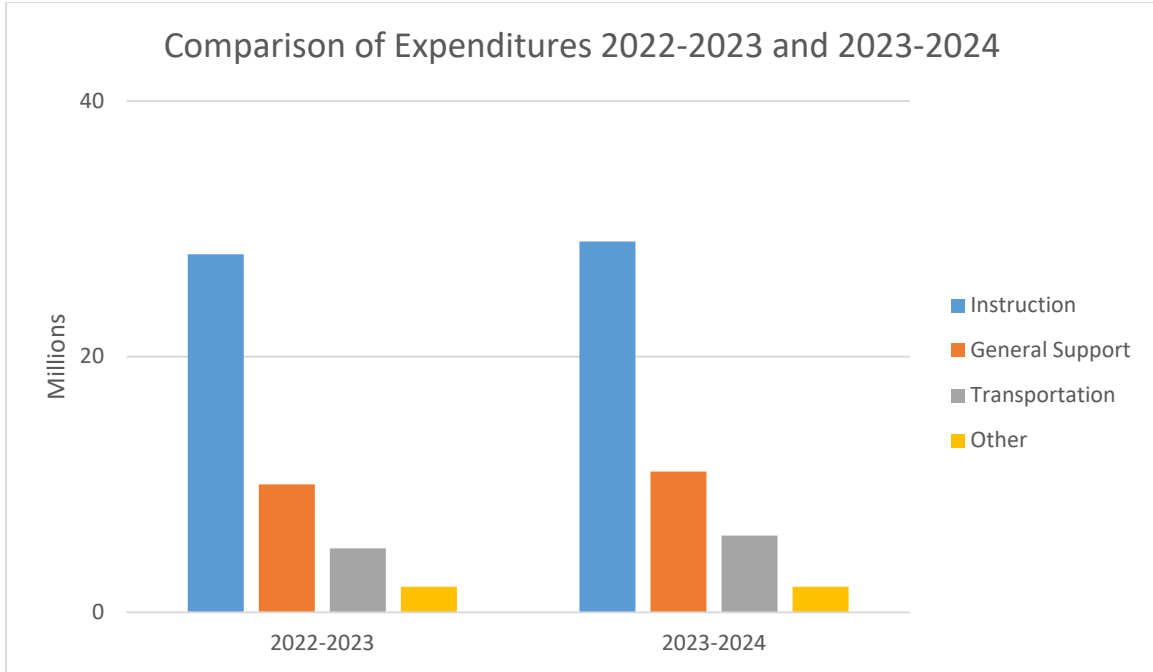


Our District’s expenses are predominantly related to instruction, which represents 63% of our total costs. Also, like most districts, our rising employee benefits fees, increasing energy costs and under-funded school lunch program continue to be financial challenges to our budget. The District currently pays \$30,144 for a family health insurance plan and this is expected to continue to rise 6-8% per year. Within 5 years, the plan will cost over \$32,000 per family plan if there is no change in riders or employee contributions. Currently all employees are contributing to their health insurance plans. This will help reduce the overall cost of employee health insurance but more is needed to help with the burden health insurance is placing on an already tight budget.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued



To manage our future energy costs, the District included a geo thermal heating/cooling system in our building project. This system has allowed the District to add 100,000 square feet to the building without increasing the gallons of fuel used.

Our transportation department has switched to a 5 year bus replacement plan to ensure that the District has a safe fleet of buses and utilizes the 90% transportation aid that is received. Each year 4 buses will be replaced. Bonds are issued for the replacement of the buses and aid flows on a similar schedule to the debt payments. In 2023-2024, the District received 2 electric buses with a grant from NYS. The District plans to begin incorporating the 2 buses in the routes in the 2024-2025 school year.

The District has a locked-in bid price for fuel oil and purchases electricity through cooperative purchasing, but prices for these commodities fluctuate every year. The price of fuel is expected to remain steady next year due to the locked-in price.

The financial statements also include the activity of the Special Aid funds, which are comprised of a number of State and Federal grant programs and the school lunch fund, also known as the cafeteria fund.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

GENERAL FUND BUDGET OVERVIEW

It should be explained that the District's general fund is comprised of two (2) individual budgets. The first is approved by the voters in May and totals \$38,673,194. It covers the operation of the main campus school in preK-12th grade. The second budget is for the operation of the St. Regis Mohawk Elementary School. This is a preK-5th grade building educating only Native American children living on the St. Regis Mohawk Reservation. This budget is negotiated annually with the State of New York and totaled \$11,409,500. The revenues to support this building/program are totally funded with state aid. Unfortunately, the formula aid that is attributable to the attendance of students at the St. Regis Mohawk School is very difficult to compute in a timely manner, causing local cash flow problems and making it difficult to accurately report fund balance. Each year, the District utilizes a Revenue Anticipation Note to cover spending in anticipation of the Native American aid for the Mohawk School.

This administration is challenged in its ability to accurately predict state aid. This is directly associated with estimating state tuition payments on eligible Native American students educated at the campus school. The District and State representatives are scheduled to review the tuition formula and pertinent data in an attempt to better identify a just and realistic amount for this service. As our percentage of Native American students increase, so will our difficulty to predict revenues from this source. We must also remain vigilant in our effort to make sure educational funding for Salmon River is both adequate and equitable for our unique District.

As the District completed the year, its governmental funds reported a General fund balance of \$17,511,193. This amount is above the 4% limit specified by Real Property Tax Law. However, as our salary and operating expenses increase along with the unpredictability of State Aid, the District feels it is necessary to continue to maintain strong reserves. The District has a long range plan to use limited amounts from our reserves in the coming years to offset the loss of the Foundation Aid increases promised by the State.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

ANALYSIS OF THE SCHOOL DISTRICT'S OTHER FUNDS

Capital Projects Fund

A field improvement project in the amount of \$7.4M was approved by voters in October 2021 and work began in September 2023. Work is scheduled to be completed Fall 2024. A \$16M solar project was voted on in May 2024. The project will install a 5 mega-watts solar field that will provide enough power to eliminate the need to power from National Grid. The project is expected to be completed by December 2025.

School Lunch (Cafeteria) Fund

The school lunch program continues to be supported by funds from the General Fund. Revenues generated from the National School Lunch Program and the District's lunch program is stable with healthy student participation, but does not meet expenses. It should be noted that labor, employees' retirement and health insurance costs continue to increase each year. The lack of financial resources in the community and our District's commitment to preparing quality food has limited this program's ability to be self-sustaining, but we are making several changes to bring the program close to self-sufficiency.

The cafeteria decreased its deficit from \$776,997 in the previous year to \$647,788 this school year.

For the 2023-2024 school year, the District participated in the Community Eligibility Program to provide free meals to all students. The District has remained in the Universal Free Breakfast Program to help promote more children to eat breakfast in the morning when it is offered free of charge.

Special Aid Funds

The Special Aid Fund provides the District with a variety of instructional programs supported by State and Federal grants. Title I and Title VI provide significant revenue for the District. These grants allow us to create programs that complement the District's educational objectives while allowing sensitivity to our culturally diverse student population.

The revenues for our Native American transportation contract are included in this fund as well. This contract with the State provides revenue to the District to cover the cost of transporting Native American students to and from the reservation. The amount of funds provided is meant to cover all expenses related to this service.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

ANALYSIS OF THE SCHOOL DISTRICT'S OTHER FUNDS, Continued

Special Aid Funds, Continued

During the 2023-2024 school year, the District continued to spend the ESSER and ARP fund allocations the District received in excess of \$9M. These funds are set to expire in 2024-2025. These funds have been budgeted to add additional programs after school, over the summer and during the school day. When the funding ends many of the services will also end, although some will be maintained through planned attrition. In future years it is projected that the special aid funds will begin to decline again for Title services as well as IDEA. When this happens, the general fund must pick up the differences because these programs cannot be cut. With the No Child Left Behind initiative, remediation programs are more important than ever. Federal and State Aid budgets are personnel driven like all of our budgets. With the record increases in fringe benefits, decreases will compound the general fund impact. Any decrease in grants equates to a much larger loss when contractual increases are figured in. Please note that the grant fiscal year generally runs from September to August, while the school's fiscal year runs from July to June.

Capital Assets

By the end of June 2024, the District invested approximately \$111,345,807 in a broad range of capital assets including school buildings, the bus garage, school buses, computers, audio-visual and classroom equipment. The District purchased 4 diesel buses as well as 2 electric buses in the 2023-2024 school year. For this coming year, we will be purchasing another 4 new buses as well as 2 electric buses based on voter approval in May 2024. We have a 5 year bus replacement plan to bring the District fleet more up-to-date.

Long-Term Debt

The District's outstanding long-term debt as of June 30, 2024 was \$16,945,000. This represents a series of borrowings for the \$50 million capital project that started in 2009 and the \$36.5 million project that started in 2015.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- As mentioned above, this District is very heavily dependent on State Aid. During state budget preparations for next year, Foundation Aid was capped at 3%. With the State continually decreasing aid and the property tax cap in place the District will have an extremely difficult time to maintain staffing and programming at the levels needed to educate our children properly. The District is currently supporting our programs by committing approximately 4% of our fund balance to support our current level of staffing. In previous years, we have reduced our staff by not replacing retired staff and cutting teaching positions. Providing quality education with a shrinking staff and growing student population is posing challenges to our ability to provide a sound basic education to our students living in poverty.
- With the addition of the ESSER and ARP funds the District will need to strategically plan for the use of these funds as well as the phase out of the funds over the next year. This will be done through attrition and the District long range strategic plan.

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:

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Salmon River Central School
Fort Covington, New York 12937
(518) 358-6608
njock@srk12.org

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Net Position - Governmental Activities

June 30, 2024

Assets

Cash and cash equivalents:		
Unrestricted	\$	1,650,096
Restricted		4,491,618
Receivables:		
Other		3,170,150
State and federal aid		13,554,818
Inventories		38,034
Overpayments and collections in advance		39,827
Capital assets, net		111,345,807
Lease assets, net		1,309,487
		\$ 135,599,837
Total assets	\$	135,599,837

Deferred Outflows of Resources

Other postemployment benefits		21,439,952
Pensions		9,176,585
		\$ 30,616,537
Total deferred outflows of resources	\$	30,616,537

Liabilities

Payables:		
Accounts payable		374,537
Accrued expenses		114,734
Due to other governments		36,549
Accrued interest		91,420
Payroll liabilities		38,649
Due to Teachers' Retirement System		1,579,047
Due to Employees' Retirement System		259,562
Deferred compensation		15,000
Notes payable:		
Bond anticipation		14,845,000
Long-term liabilities:		
Due and payable within one year:		
Bonds payable		2,025,000
Compensated absences payable		433,899
Due and payable after one year:		
Bonds payable		14,920,000
Compensated absences payable		615,338
Other postemployment benefits payable		193,055,730
Net pension liability-proportionate share		4,520,593
		\$ 232,925,058
Total liabilities	\$	232,925,058

Deferred Inflows of Resources

Deferred premium on debt issuance		1,455,048
Other postemployment benefits		20,183,077
Pensions		2,610,559
		\$ 24,248,684
Total deferred inflows of resources	\$	24,248,684

Net Position

Net investment in capital assets		92,945,759
Restricted		9,696,688
Unrestricted (deficit)		(193,599,815)
		\$ (90,957,368)
Total net position	\$	(90,957,368)

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Activities and Changes in Net Position - Governmental Activities

For the year ended June 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net expense (revenue) and changes in net position</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	
General support	\$ 11,350,469	72,760	-	11,277,709
Instruction	41,013,016	11,973,727	-	29,039,289
Pupil transportation	6,029,618	154,554	-	5,875,064
Community service	13,759	-	-	13,759
Debt service - interest	1,354,117	-	-	1,354,117
Other expenditures	23,330	-	-	23,330
School lunch program	866,347	97,626	57,909	710,812
	<u>\$ 60,650,656</u>	<u>12,298,667</u>	<u>57,909</u>	<u>48,294,080</u>
General revenues:				
Real property taxes				1,678,805
Other tax items				310,517
Use of money and property				459,844
Miscellaneous				1,231,433
State sources				35,604,198
Federal sources				6,921,838
Medicaid reimbursement				58,217
				<u>46,264,852</u>
				<u>(2,029,228)</u>
Net position, beginning of year				<u>(88,928,140)</u>
Net position, end of year				<u>\$ (90,957,368)</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2024

Assets	Major Governmental Funds				Total non-major governmental funds	Total governmental funds
	General	Special aid	Capital project main campus reconstruction 0001022	Capital project main campus reconstruction 0001027		
Cash:						
Unrestricted	\$ -	-	-	1,147,683	502,413	1,650,096
Restricted	3,619,419	-	-	-	872,199	4,491,618
Receivables:						
Taxes	-	-	-	-	-	-
Other	3,170,150	-	-	-	-	3,170,150
Due from other funds	7,032,395	-	-	-	437,645	7,470,040
State and federal aid	6,450,649	6,868,034	-	-	236,135	13,554,818
Inventories	-	-	-	-	38,034	38,034
Overpayments and collections in advance	39,827	-	-	-	-	39,827
Total assets	\$ 20,312,440	6,868,034	-	1,147,683	2,086,426	30,414,583
<u>Liabilities</u>						
Payables:						
Accounts payable	352,690	16,847	-	-	5,000	374,537
Accrued liabilities	93,058	20,499	-	-	1,177	114,734
Accrued interest	4,929	-	-	-	-	4,929
Due to other funds	437,645	6,830,688	-	-	201,707	7,470,040
Due to other governments	35,667	-	-	-	882	36,549
Due to Teacher's Retirement System	1,579,047	-	-	-	-	1,579,047
Due to Employees' Retirement System	259,562	-	-	-	-	259,562
Payroll liabilities	38,649	-	-	-	-	38,649
Deferred compensation	-	-	-	-	15,000	15,000
Notes payable:						
Bond anticipation	-	-	10,741,080	3,748,920	355,000	14,845,000
Revenue anticipation	-	-	-	-	-	-
Total liabilities	2,801,247	6,868,034	10,741,080	3,748,920	578,766	24,738,047
Fund balances (deficit):						
Non-spendable	-	-	-	-	38,034	38,034
Restricted:						
Workers' compensation reserve	1,147,099	-	-	-	-	1,147,099
Unemployment insurance reserve	542,796	-	-	-	-	542,796
Reserve for retirement contributions - ERS	3,872,325	-	-	-	-	3,872,325
Reserve for retirement contributions - TRS	1,068,804	-	-	-	-	1,068,804
Insurance reserve	1,994,438	-	-	-	-	1,994,438
Reserve for employee benefits and accrued liabilities	1,071,226	-	-	-	-	1,071,226
Reserve for debt	-	-	-	-	986,848	986,848
Assigned:						
Assigned appropriate fund balances	1,224,946	-	-	-	-	1,224,946
Assigned unappropriated fund balance:						
School lunch	-	-	-	-	17,369	17,369
Capital project	-	-	-	1,870,614	532,830	2,403,444
General support	241,687	-	-	-	-	241,687
Instruction	75,000	-	-	-	-	75,000
Unassigned fund balance (deficit)	6,272,872	-	(10,741,080)	(4,471,851)	(67,421)	(9,007,480)
Total fund balances (deficit)	17,511,193	-	(10,741,080)	(2,601,237)	1,507,660	5,676,536
Total liabilities and fund balances	\$ 20,312,440	6,868,034	-	1,147,683	2,086,426	30,414,583

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

For the year ended June 30, 2024

	Major governmental funds		Capital project main campus reconstruction <u>0001022</u>	Capital project main campus reconstruction <u>0001027</u>	Total non-major governmental funds	Total governmental funds
	General	Special aid				
Revenues:						
Real property taxes	\$ 1,678,805	-	-	-	-	1,678,805
Other tax items	310,517	-	-	-	-	310,517
Charges for services	6,628,891	-	-	-	-	6,628,891
Use of money and property	528,833	-	-	-	12,345	541,178
Sale of property and compensation for loss	143,724	-	-	-	-	143,724
Miscellaneous	816,562	42,453	-	-	363,364	1,222,379
Interfund revenues	558	-	-	-	-	558
State sources	37,205,318	3,711,109	-	-	43,915	40,960,342
Medicaid reimbursement	58,217	-	-	-	-	58,217
Federal sources	-	4,828,635	-	-	2,093,203	6,921,838
Surplus food	-	-	-	-	57,909	57,909
Sales - school lunch	-	-	-	-	97,626	97,626
Total revenues	<u>47,371,425</u>	<u>8,582,197</u>	<u>-</u>	<u>-</u>	<u>2,668,362</u>	<u>58,621,984</u>
Expenditures:						
General support	6,011,105	-	-	-	1,330,316	7,341,421
Indirect cost	-	558	-	-	-	558
Other expenditures	-	23,330	-	-	-	23,330
Instruction	20,879,794	5,672,934	-	-	-	26,552,728
Pupil transportation	997,086	2,963,601	-	-	1,787,545	5,748,232
Community service	9,000	-	-	-	-	9,000
Employee benefits	11,597,286	-	-	-	495,124	12,092,410
Debt service:						
Principal	3,313,442	-	-	-	-	3,313,442
Interest	1,481,247	-	-	-	-	1,481,247
Cost of sales	-	-	-	-	866,347	866,347
Capital outlay	-	-	-	2,601,237	2,170,160	4,771,397
Total expenditures	<u>44,288,960</u>	<u>8,660,423</u>	<u>-</u>	<u>2,601,237</u>	<u>6,649,492</u>	<u>62,200,112</u>
Excess (deficiency) of revenues over expenditures	<u>3,082,465</u>	<u>(78,226)</u>	<u>-</u>	<u>(2,601,237)</u>	<u>(3,981,130)</u>	<u>(3,578,128)</u>
Other financing sources (uses):						
Operating transfers in	-	78,226	-	-	3,544,100	3,622,326
Operating transfers (out)	(2,585,085)	-	-	-	(1,037,241)	(3,622,326)
Proceeds from debt	-	-	-	-	4,602,996	4,602,996
Total other financing sources (uses)	<u>(2,585,085)</u>	<u>78,226</u>	<u>-</u>	<u>-</u>	<u>7,109,855</u>	<u>4,602,996</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	497,380	-	-	(2,601,237)	3,128,725	1,024,868
Fund balances, beginning of year	<u>17,013,813</u>	<u>-</u>	<u>(10,741,080)</u>	<u>-</u>	<u>(1,621,065)</u>	<u>4,651,668</u>
Fund balances, end of year	<u>\$ 17,511,193</u>	<u>-</u>	<u>(10,741,080)</u>	<u>(2,601,237)</u>	<u>1,507,660</u>	<u>5,676,536</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2024

	Private purpose <u>trusts</u>	<u>Custodial</u>
Assets:		
Cash	\$ 117,048	107,377
Due from other governments	-	-
Total assets	<u>\$ 117,048</u>	<u>107,377</u>
Liabilities:		
Due to governmental funds	-	-
Other liabilities	-	-
Total liabilities	<u>-</u>	<u>-</u>
Net position:		
Restricted for other purposes	68,382	107,377
Non-restricted for other purposes	48,666	-
Total net position	<u>117,048</u>	<u>107,377</u>
Total liabilities and net position	<u>\$ 117,048</u>	<u>107,377</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the year ended June 30, 2024

	Private purpose trusts	<u>Custodial</u>
Additions:		
Investment earnings	\$ 18	525
Extracurricular receipts	-	175,906
Gifts and contributions	500	-
	<u>518</u>	<u>-</u>
Total additions	<u>\$ 518</u>	<u>176,431</u>
Deductions:		
Extracurricular disbursements	-	188,198
Scholarships and awards	975	-
	<u>975</u>	<u>-</u>
Total deductions	<u>975</u>	<u>188,198</u>
Change in net position	(457)	(11,767)
Net position, beginning of year	<u>117,505</u>	<u>119,144</u>
Net position, end of year	<u>\$ 117,048</u>	<u>107,377</u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position - Governmental Activities

June 30, 2024

<u>Assets</u>	Total governmental <u>funds</u>	Long-term assets, <u>liabilities</u>	Reclassifications and <u>eliminations</u>	Statement of net position <u>totals</u>
Cash	\$ 6,141,714	-	-	6,141,714
Other receivables	3,170,150	-	-	3,170,150
Due from other funds	7,470,040	-	(7,470,040)	-
State and federal aid	13,554,818	-	-	13,554,818
Inventories	38,034	-	-	38,034
Overpayments and collections in advance	39,827	-	-	39,827
Capital assets, net	-	111,345,807	-	111,345,807
Lease assets, net	-	1,309,487	-	1,309,487
	30,414,583	112,655,294	(7,470,040)	135,599,837
<u>Deferred Outflows of Resources</u>				
Other postemployment benefits	-	21,439,952	-	21,439,952
Pensions	-	9,176,585	-	9,176,585
	-	30,616,537	-	30,616,537
Total deferred outflows of resources	-	30,616,537	-	30,616,537
Total assets and deferred outflows of resources	\$ 30,414,583	143,271,831	(7,470,040)	166,216,374
<u>Liabilities</u>				
Accounts payable	374,537	-	-	374,537
Accrued liabilities	114,734	-	-	114,734
Due to other funds	7,470,040	-	(7,470,040)	-
Due to other governments	36,549	-	-	36,549
Accrued interest	4,929	86,491	-	91,420
Due to Teachers' Retirement System	1,579,047	-	-	1,579,047
Due to Employees' Retirement System	259,562	-	-	259,562
Payroll liabilities	38,649	-	-	38,649
Deferred compensation	15,000	-	-	15,000
Bond anticipation note	14,845,000	-	-	14,845,000
Compensated absences payable	-	1,049,237	-	1,049,237
Bonds payable	-	16,945,000	-	16,945,000
Other post-employment benefits	-	193,055,730	-	193,055,730
Net pension liability - proportionate share	-	4,520,593	-	4,520,593
	24,738,047	215,657,051	(7,470,040)	232,925,058
Total liabilities	24,738,047	215,657,051	(7,470,040)	232,925,058
<u>Deferred Inflows of Resources</u>				
Deferred premium on debt issuance	-	1,455,048	-	1,455,048
Other post employment benefits	-	20,183,077	-	20,183,077
Pensions	-	2,610,559	-	2,610,559
	-	24,248,684	-	24,248,684
Total deferred inflows of resources	-	24,248,684	-	24,248,684
Fund balance/net position	5,676,536	(96,633,904)	-	(90,957,368)
Total liabilities, deferred inflows of resources and fund balance/net position	\$ 30,414,583	143,271,831	(7,470,040)	166,216,374

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to
Statement of Net Position - Governmental Activities

June 30, 2024

Total fund balances - governmental funds	\$	5,676,536
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and lease assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$	144,953,544
Lease assets		3,510,063
Less: accumulated depreciation		(33,607,737)
Less: accumulated amortization		(2,200,576)
		112,655,294
Interest payable used in governmental activities is not payable from current resources and therefore not reported in the governmental funds		
		(86,491)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds		
Bonds payable	\$	(16,945,000)
Compensated absences		(1,049,237)
		(17,994,237)
Other post-employment benefits are not due and payable in the current period and therefore are not reported in the funds		
		(193,055,730)
Proportionate share of net pension liability are not financial resources and not due and payable in the current year and therefore, are not reported in the governmental funds		
Net pension liability		(4,520,593)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds		
Deferred outflows related to pensions	\$	9,176,585
Deferred inflows related to pensions		(2,610,559)
		6,566,026
Deferred outflows and inflows of resources related to other post-employment benefits are applicable to future periods and, therefore, are not reported in the governmental funds		
Deferred outflows related to other post-employment benefits	\$	21,439,952
Deferred inflows related to other post-employment benefits		(20,183,077)
		1,256,875
Deferred outflows and inflows of resources related to debt are applicable to future periods and, therefore, are not reported in the governmental funds		
Deferred premiums on debt issuance		(1,455,048)
Net position of governmental activities	\$	(90,957,368)

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Revenues, Expenditures
and Changes in Fund Balances to Statement of Activities

June 30, 2024

<u>Revenues</u>	Total governmental funds	Long-term assets, liabilities	Reclassifications and eliminations	Statement of activities totals
Real property taxes	\$ 1,678,805	-	-	1,678,805
Other tax items	310,517	-	-	310,517
Charges for services	6,628,891	-	-	6,628,891
Use of money and property	541,178	-	-	541,178
Sale of property and compensation for loss	143,724	-	-	143,724
Miscellaneous	1,222,379	-	-	1,222,379
Interfund revenues	558	-	(558)	-
State sources	40,960,342	-	-	40,960,342
Medicaid reimbursement	58,217	-	-	58,217
Federal sources	6,921,838	-	-	6,921,838
Surplus food	57,909	-	-	57,909
Sales - school lunch and store	97,626	-	-	97,626
Total revenues	58,621,984	-	(558)	58,621,426
<u>Expenditures</u>				
General support	7,341,421	1,919,244	2,089,803	11,350,468
Indirect cost	558	-	(558)	-
Instruction	26,552,728	463,694	13,996,594	41,013,016
Pupil transportation	5,748,232	(1,257,026)	1,538,411	6,029,617
Community service	9,000	-	4,759	13,759
Employee benefits	12,092,410	7,366,682	(19,459,092)	-
Debt service	4,794,689	(3,440,572)	-	1,354,117
Cost of sales	866,347	-	-	866,347
Other expenditures	23,330	-	-	23,330
Capital outlay	4,771,397	(4,771,397)	-	-
Total expenditures	62,200,112	280,625	(1,830,083)	60,650,654
Excess (deficiency) of revenues over expenditures	(3,578,128)	(280,625)	1,829,525	(2,029,228)
<u>Other Financing Sources and Uses</u>				
Proceeds from debt	4,602,996	(4,280,000)	(322,996)	-
Operating transfers in	3,622,326	-	(3,622,326)	-
Operating transfers out	(3,622,326)	-	3,622,326	-
Total other financing sources (uses)	4,602,996	(4,280,000)	(322,996)	-
Net change in fund balances	\$ 1,024,868	(4,560,625)	1,506,529	(2,029,228)

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Statement of Revenues, Expenditures
and Net Changes in Fund Balances to Statement of Activities

June 30, 2024

Net change in fund balances - total governmental funds	\$	1,024,868
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimate useful lives:		
Expenditures for capital assets	7,159,760	
Expenditures for lease assets	220,694	
Less: current year depreciation	(2,969,476)	
Less: loss on disposal for capital assets	(84,221)	
Less: current year amortization	<u>(581,123)</u>	3,745,634
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Other costs related to debt issuance and retirement are expenditures in the governmental funds, but are deferred and amortized on the statement of net position		
Bond premium amortization	162,459	
Bond proceeds	(4,280,000)	
Repayment of bonds	<u>2,900,000</u>	(1,217,541)
Interest expense reported in the statement of activities does not require the use of current financial resources and is therefore not reported as an expenditure in governmental funds		(35,329)
Compensated absences in the statement of activities does not require the use of current financial resources and is therefore not reported as an expenditure in governmental funds		(9,703)
Other postemployment benefits in the statement of activities does not require the use of current resources and are therefore not reported as expenditures in the governmental funds		(3,727,039)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense		
Pension contribution expense	2,277,101	
Cost of benefits earned, net of employee contributions	<u>(4,087,219)</u>	<u>(1,810,118)</u>
Change in net position of governmental funds	\$	<u><u>(2,029,228)</u></u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

(1) Summary of Significant Accounting Policies

The financial statements of the Salmon River Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

(a) Reporting Entity

The Salmon River Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

i) Extraclassroom Activity Funds:

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the 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 found at the District’s business office. The District accounts for assets held as an agent for various student organizations in an agency fund.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture

The Salmon River Central School District is one of 11 component school districts in the Franklin-Essex-Hamilton BOCES. A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under § 119-n(a) of the New York State General Municipal Law.

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

(c) Basis of Presentation

i) District-Wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize 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. The Statement of Activities presents a comparison between program expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

ii) Fund Financial Statements:

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

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition and school store operations or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

The District reports the following fiduciary funds:

Fiduciary Funds: Fiduciary activities are those in which the 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 District, and are not available to be used. There are two classes of fiduciary funds:

Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

ii) Fund Financial Statements, Continued:

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

(d) Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(e) Cash and Cash Equivalents and Investments

The 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 the date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. 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.

Investments are stated at fair value.

(f) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and became a lien on August 2, 2023. Taxes are collected during the period September 1, 2023 to November 2, 2023.

Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

(g) 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 since it is believed that such allowance would not be material.

(h) Inventories

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

A reserve for inventories has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(i) Due to/from Other Funds

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivable and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District’s practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

(j) Capital Assets

Capital assets are reported at historical cost if actual historical cost is available, or estimated historical cost if actual historical cost is not available. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization threshold</u>	<u>Depreciation method</u>	<u>Estimated useful life</u>
Buildings	\$ 15,000	Straight-line	50 years
Building improvements	15,000	Straight-line	20 years
Furniture and equipment	5,000	Straight-line	15 years
Vehicles	5,000	Straight-line	8 years

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(k) 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.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

(l) Other Benefits

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 District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is covered by the District. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(m) Budgetary Procedures and Budgetary Accounting

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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

Encumbrances

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(n) Unearned Revenue

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

(o) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy concerning which to apply first varies with the intended use and with associated legal requirements, many of which are described elsewhere in these notes.

(p) Equity Classifications

District-wide statements:

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

Invested in capital assets, net of related debt - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

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

Unrestricted net position - reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(p) Equity Classifications, Continued

Fund statements:

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$38,034.

Restricted fund balance - amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

Workers' Compensation Reserve

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

Unemployment Insurance

According to General Municipal Law §6-m, this reserve must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(p) Equity Classifications, Continued

Retirement Contributions

According to General Municipal Law §6-r, this reserve must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

Insurance Reserve Fund

According to General Municipal Law §6-n, all expenditures made from the insurance reserve fund must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is 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. The reserve is accounted for in the General Fund.

Capital

According to Education Law §3651, this reserve must be 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. Expenditure may be made from the reserve 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 reserve 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(p) Equity Classifications, Continued

Capital, Continued

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest action to remove or change the constraint.

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government delegates authority. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$316,687.

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund. NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance for the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determine next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

(q) Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(q) Accrued Liabilities and Long-Term Obligations, Continued

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

(r) Deferred Outflows and 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 government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Lastly is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

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

Pension Obligations

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

Plan Description and Benefits Provided

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Net pension liability	3,660,233	860,360
District's portion of the Plan's total net pension liability	0.0248589%	0.075234%

For the year ended June 30, 2024, the District recognized pension expense of \$1,673,909 for ERS and \$2,452,429 for TRS. At June 30, 2024, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources		Deferred inflows of resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Difference between expected and actual experience	\$ 1,178,958	2,086,143	99,805	5,156
Change of assumptions	1,383,852	1,852,328	-	403,705
Net difference between projected and actual investment earnings	-	439,799	1,788,005	-
Changes in proportion and difference between the District's contributions and proportionate share of contributions	426,393	190,262	121,320	192,568
District's contributions subsequent to the measurement date	259,562	1,359,288	-	-
	\$ 3,248,765	5,927,820	2,009,130	601,429

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

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

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

		<u>ERS</u>	<u>TRS</u>
Year ended:			
2024	\$	-	330,851
2025		(589,975)	(446,563)
2026		770,058	3,484,476
2027		1,139,614	267,987
2028		(339,623)	209,446
Thereafter		-	120,907

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System Experience	April 1, 2015 - March 31, 2020 System Experience
Inflation rate	2.9%	2.4%

Significant actuarial assumptions used in the valuations were as follows:

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale of MP2014, applied on a generational basis.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

Actuarial Assumptions, Continued

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Asset type:		
Domestic equity	4.00%	6.80%
International equity	6.65%	7.60%
Global equity	-	7.20%
Private equity	7.25%	10.10%
Real estate	4.60%	6.30%
Domestic fixed income securities	1.50%	2.20%
Global bonds	-	1.60%
High-yield bonds	-	4.40%
Private debt	-	6.00%
Real estate debt	-	3.20%
Cash equivalents	-	0.30%
Opportunistic/ARS Portfolio	5.25%	
Real assets	5.79%	
Cash	0.25%	
Credit	5.40%	

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, 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 that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

<u>ERS</u>	1% decrease <u>(4.9%)</u>	Current assumption <u>(5.9%)</u>	1% increase <u>(6.9%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (11,508,148)	(3,660,233)	2,894,403
 <u>TRS</u>	 1% decrease <u>(5.95%)</u>	 Current assumption <u>(6.95%)</u>	 1% increase <u>(7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (13,103,712)	(860,360)	9,436,829

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Deferred Outflows and Inflows of Resources, Continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Valuation date	March 31, 2024	June 30, 2023
Employer's total pension liability	\$ 240,696,851	138,365,122
Plan net position	<u>225,972,801</u>	<u>137,221,537</u>
Employer's net pension liability	\$ <u>14,724,050</u>	<u>1,143,585</u>
Ratio of the plan net position to the employers' total pension liability	93.88%	99.20%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$273,691.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024, represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$1,579,047.

(s) New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2024, the District implemented the following new standards issued by GASB. These standards had no significant impact on the District.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(s) New Accounting Standards, Continued

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections - An amendment of GASB Statement No. 62*, effective for fiscal years beginning after June 15, 2023. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

(t) Future Changes in Accounting Standards

GASB has issued Statement No. 101, *Compensated absences*, effective for fiscal years ending after December 15, 2023. This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave and jury duty leave - not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years ending after June 15, 2024. This Statement's objective is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years ending after June 15, 2025. This Statement's objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government's accountability. Additionally, the Statement also addresses certain application issues.

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

(2) Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(2) Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements, Continued

A) Total fund balances of governmental funds vs. net position of governmental activities:

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

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

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

i) Long-term revenue differences:

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

ii) Capital related differences:

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

Long-term debt transaction differences:

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(2) Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements, Continued

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

iii) Pension differences:

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

iv) OPEB differences:

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

(3) Stewardship, Compliance and Accountability

The District's unreserved and undesignated fund balance was in excess of the New York State Real Property Tax Law limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

(4) Custodial Credit and Concentration of Credit

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances included balances not covered by depository insurance at year end. All balances were collateralized with securities held by the pledging financial institution, but not in the District's name. Bank balances totalled approximately \$6,141,714.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$4,491,618 within the governmental funds and \$224,425 in the fiduciary funds.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(5) Investments Pool

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. The District's total NYCLASS balance at June 30, 2024 was approximately \$2,158,753.

The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative can be obtained from the New York Cooperative Liquid Assets Securities System (NYCLASS).

(6) Participation in BOCES

During the year ended June 30, 2024, the District was billed \$5,821,985 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2024, the District did not issue serial bonds on behalf of BOCES.

The District's share of BOCES aid amounted to \$3,765,799.

Financial statements for the BOCES are available from the BOCES administrative office.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(7) Capital Assets

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

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements/ reclassifications</u>	<u>Ending balance</u>
Capital assets that are not depreciated:				
Land	\$ 118,242	-	-	118,242
Construction in progress	<u>5,048,472</u>	<u>5,242,324</u>	<u>(470,927)</u>	<u>9,819,869</u>
Total nondepreciable historical cost	<u>5,166,714</u>	<u>5,242,324</u>	<u>(470,927)</u>	<u>9,938,111</u>
Capital assets that are depreciated:				
Buildings	126,730,198	1,244,422	-	127,974,620
Machinery and equipment	<u>6,468,426</u>	<u>1,143,941</u>	<u>(571,554)</u>	<u>7,040,813</u>
Total depreciable historical cost	<u>133,198,624</u>	<u>2,388,363</u>	<u>(571,554)</u>	<u>135,015,433</u>
Less accumulated depreciation:				
Buildings	27,014,938	2,443,147	-	29,458,085
Machinery and equipment	<u>4,110,656</u>	<u>526,329</u>	<u>(487,333)</u>	<u>4,149,652</u>
Total accumulated depreciation	<u>31,125,594</u>	<u>2,969,476</u>	<u>(487,333)</u>	<u>33,607,737</u>
Total depreciated historical cost, net	<u>\$ 107,239,744</u>	<u>4,661,211</u>	<u>(555,148)</u>	<u>111,345,807</u>

Depreciation expense was charged to governmental activities as follows:

Administrative services	\$ 2,493,678
Regular instruction	11,506
Pupil transportation	<u>464,292</u>
	<u>\$ 2,969,476</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(8) Short-Term Debt

The District may issue Revenue Anticipation Notes and Tax Anticipation Notes, 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 and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The 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 District may issue Bond Anticipation Notes, 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.

Transactions in short-term debt for the year are summarized below:

	<u>Beginning balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending balance</u>
BAN Maturing 8/4/23 at 3.75%	15,299,275	-	15,299,275	-
BAN Maturing 6/28/24 at 4.50%	-	18,247,996	18,247,996	-
BAN Maturing 6/27/25 at 4.00%	-	14,845,000	-	14,845,000

Interest on short term debt for the year was composed of:

Interest paid	\$ 1,315,048
Less interest accrued in the prior year	(519,506)
Plus interest accrued in the current year	4,929
 Total expense	 \$ 800,471

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(9) Long-Term Debt and Other Long-Term Liabilities

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

<u>Government activities</u>	<u>Beginning balance</u>	<u>Issued</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amount due within one year</u>
Serial Bonds 2008	\$ 125,000	-	125,000	-	-
QZABs 2009	1,000,000	-	1,000,000	-	-
QSCBs 2011	585,000	-	195,000	390,000	195,000
Serial bonds 2012	65,000	-	65,000	-	-
DASNY Bonds 2018	12,310,000	-	1,035,000	11,275,000	1,090,000
Bus Bond 2018	95,000	-	95,000	-	-
Bus Bond 2019	210,000	-	105,000	105,000	105,000
Bus Bond 2020	290,000	-	95,000	195,000	95,000
Bus Bond 2021	385,000	-	95,000	290,000	95,000
Bus Bond 2022	500,000	-	90,000	410,000	100,000
Bus Bond 2023	-	1,400,000	-	1,400,000	240,000
DASNY Bonds 2024	-	2,880,000	-	2,880,000	105,000
	<u>15,565,000</u>	<u>4,280,000</u>	<u>2,900,000</u>	<u>16,945,000</u>	<u>2,025,000</u>
Other liabilities:					
Compensated absences	<u>1,039,534</u>	<u>9,703</u>	<u>-</u>	<u>1,049,237</u>	<u>433,899</u>
Total other liabilities	<u>1,039,534</u>	<u>9,703</u>	<u>-</u>	<u>1,049,237</u>	<u>433,899</u>
Total long-term liabilities	<u>\$ 16,604,534</u>	<u>4,289,703</u>	<u>2,900,000</u>	<u>17,994,237</u>	<u>2,458,899</u>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(9) Long-Term Debt, Continued

Existing serial and statutory bond obligations:

<u>Description of issue</u>	<u>Issue date</u>	<u>Final maturity</u>	<u>Interest rate</u>	<u>Outstanding June 30, 2024</u>
QSCBs	2011	2025	0.80%	\$ 390,000
DASNY bonds	2018	2033	5.00%	11,275,000
Bus Bond	2019	2024	1.63%	105,000
Bus Bond	2020	2025	0.70%	195,000
Bus Bond	2021	2026	1.25%	290,000
Bus Bond	2022	2027	3.50%	410,000
Bus Bond	2023	2028	3.50%	1,400,000
DASNY Bonds	2024	2039	5.00%	2,880,000
				<u>\$ 16,945,000</u>

The following is a summary of debt service requirements:

	<u>Serial Bonds</u>		<u>Other Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal year ended June 30:				
2025	\$ 1,390,000	751,290	635,000	90,967
2026	1,500,000	648,780	570,000	51,960
2027	1,360,000	582,750	490,000	35,776
2028	1,430,000	514,750	400,000	19,988
2029	1,505,000	443,250	305,000	6,100
2030 - 2034	6,265,000	1,048,750	-	-
2035 - 2039	1,095,000	149,750	-	-
	<u>\$ 14,545,000</u>	<u>4,139,320</u>	<u>2,400,000</u>	<u>204,791</u>

Other debt consists of the energy performance debt and the bond and installment purchase obligation.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(9) Long-Term Debt, Continued

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

Interest paid	\$	679,360
Amortized bond premium		(162,459)
Less interest accrued in the prior year		(51,162)
Plus interest accrued in the current year amortization of bond costs		<u>86,491</u>
Total expense	\$	<u><u>552,230</u></u>

(10) Interfund Balances and Activity

	<u>Interfund receivable</u>	<u>Interfund payable</u>
General fund	\$ 7,032,395	437,645
Special aid fund	-	6,830,688
School lunch fund	-	201,707
Non-major capital projects fund	322,996	-
Debt service fund	<u>114,649</u>	<u>-</u>
Total government agencies	<u>\$ 7,470,040</u>	<u>7,470,040</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The 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.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(11) Post-Employment (Health Insurance) Benefits

General information about the OPEB Plan

Plan Description - The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms - At June 30, 2024, the following employees were covered by the benefit terms:

Retirees and survivors	278
Active employees	330
	608
	608

Total OPEB Liability

The District’s total OPEB liability of \$193,055,730 was measured as of July 1, 2023, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs - The total OPEB liability at June 30, 2024 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary scale	3.50%
Discount rate	3.65%
Healthcare cost trend rates	8.00% for 2024, decreasing 1.00% per year through 2026 then varies to an ultimate rate of 3.94% for 2093+
Retirees’ share of benefit-related costs	25%

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(11) Post-Employment (Health Insurance) Benefits, Continued

Total OPEB Liability, Continued

The discount rate was based on Bond Buyer Weekly 20-Bond GO index.

Mortality rates were based on the Pub-2010 Mortality Table for employees, sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2020 to July 1, 2021.

Changes in the Total OPEB Liability

Balance at July 1, 2023	\$ <u>189,423,449</u>
Service cost	5,749,494
Interest	6,827,204
Changes in assumptions or other inputs	(4,316,294)
Benefit payments	<u>(4,628,123)</u>
Net changes	<u>3,632,281</u>
Balance at July 1, 2024	\$ <u><u>193,055,730</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% on July 1, 2022 to 3.65% on July 1, 2023, and updated trend assumptions.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than using the current discount rate:

	1% decrease <u>(2.65%)</u>	Discount Rate <u>(3.65%)</u>	1% increase <u>(4.65%)</u>
Total OPEB liability \$	230,563,393	193,055,730	163,631,871

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(11) Post-Employment (Health Insurance) Benefits, Continued

Changes in the Total OPEB Liability, Continued

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

	<u>1% decrease</u>	Current trend <u>rates</u>	<u>1% increase</u>
Total OPEB liability \$	158,988,844	193,055,730	237,954,977

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$8,770,771. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 1,639,147	942,971
Changes of assumptions or other inputs	14,757,073	19,240,106
Employer contributions subsequent to the measurement date	<u>5,043,732</u>	<u>-</u>
Total	<u>\$ 21,439,952</u>	<u>20,183,077</u>

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

Year ended June 30:	
2025	\$ 4,654,023
2026	5,483,542
2027	3,283,465
2028 and thereafter	<u>319,487</u>
	<u>\$ 13,740,517</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(12) Pension Plans

General information:

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

Provisions and administration:

The New York State Teachers' Retirement Board administers NYSTRS. The System provides 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

Funding policies:

The Systems are noncontributory for employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976 and prior to January 1, 2010, employees contribute 3% to 3.5% with the exception of ERS Tier V and VI employees. Employees in the Systems more than ten years are no longer required to contribute. In addition, employee contributions under ERS Tier VI vary based on a sliding scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(12) Pension Plans, Continued

The District is required to contribute at an actuarially determined rate. The District 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 years were:

<u>Year</u>		<u>ERS</u>	<u>TRS</u>
June 30, 2024	\$	879,036	1,606,723
June 30, 2023		657,005	1,440,956
June 30, 2022		750,831	1,386,812

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System’s fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The Salmon River Central School District elected to make the full payment.

The State Legislature authorized local governments to make available retirement incentive programs. Nothing was charged to expenditures in the Governmental Funds in the current fiscal year.

(13) Risk Management

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

The District participates in the Franklin-Essex-Hamilton BOCES Workers’ Compensation Insurance Consortium, a risk-sharing pool, to insure Workers’ Compensation claims. This is a public entity risk pool created under Article 5 of the Workers’ Compensation Law, to finance liability and risks related to Workers’ Compensation claims. The School District has no liability as of June 30, 2024.

(14) Contingencies and Commitments

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(15) Fund Balances

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

(16) 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 statement 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, potential contingent liabilities and useful lives of long-lived assets.

(17) Subsequent Events

Subsequent events have been evaluated through October 29, 2024, which is the date the financial statements were available to be issued.

(18) Lease Assets and Liabilities

Lease liabilities are calculated at the present value of the remaining expected lease payments over the lease term. The lease assets are calculated based on the lease liabilities plus prepayments and ancillary costs to place the asset in use.

The District leases various computer equipment from BOCES. The leased assets at June 30, 2024 are as follows:

	<u>Beginning balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending balance</u>
Computer equipment	\$ 3,289,369	220,694	-	3,510,063
Less accumulated amortization - computer equipment	<u>1,529,007</u>	<u>671,569</u>	<u>-</u>	<u>2,200,576</u>
Total leased assets, net	<u>\$ 1,760,362</u>	<u>(450,875)</u>	<u>-</u>	<u>1,309,487</u>

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

(18) Lease Assets and Liabilities, Continued

Amortization of leased assets has been charged to governmental activities as regular instruction. Amortization is calculated over the shorter of the useful life of the asset or the lease term.

Lease liabilities at June 30, 2024 are as follows:

	<u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u>	<u>One year</u>
Lease liability by location:					
2018 Main Campus	\$ 15,297	-	15,297	-	-
2019 Main Campus	52,487	-	52,487	-	-
2018 Mohawk School	4,491	-	4,491	-	-
2019 Mohawk School	18,171	-	18,171	-	-
	\$ 90,446	-	90,446	-	-
	\$ 90,446	-	90,446	-	-

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund

For the year ended June 30, 2024

	Original budget	Final budget	Actual (budgetary basis)		Final budget variance with actual
Revenues:					
Local sources:					
Real property taxes	\$ 1,657,568	1,657,568	1,678,805		21,237
Other tax items	315,000	315,000	310,517		(4,483)
Charges for services	5,313,420	5,313,420	6,628,891		1,315,471
Use of money and property	190,942	190,942	528,833		337,891
Sale of property and compensation for loss	10,190	10,190	143,724		133,534
Miscellaneous	352,000	352,000	816,562		464,562
Interfund revenues	-	-	558		558
Total local sources	<u>7,839,120</u>	<u>7,839,120</u>	<u>10,107,890</u>		<u>2,268,770</u>
State sources	39,890,880	39,890,880	37,205,318		(2,685,562)
Federal sources	25,000	25,000	58,217		33,217
Total revenues	<u>47,755,000</u>	<u>47,755,000</u>	<u>47,371,425</u>		<u>(383,575)</u>
Expenditures:					
General support:					
Board of Education	26,114	22,376	19,323	-	3,053
Central administration	262,500	273,129	267,171	-	5,958
Finance	463,034	487,305	424,287	-	63,018
Staff	290,350	461,880	449,625	-	12,255
Central services	4,884,600	4,738,930	4,085,664	241,687	411,579
Special items	793,011	791,011	765,035	-	25,976
Total general support	<u>6,719,609</u>	<u>6,774,631</u>	<u>6,011,105</u>	<u>241,687</u>	<u>521,839</u>
Instruction:					
Instruction, administration and improvement	1,397,600	1,421,818	1,396,395	-	25,423
Teaching - regular school	9,162,981	9,303,175	9,185,811	-	117,364
Programs for children with handicapping conditions	4,025,100	4,078,698	3,860,727	75,000	142,971
Occupational education	1,225,000	1,173,876	1,173,463	-	413
Teaching - special school	171,850	119,488	84,400	-	35,088
Instructional media	2,414,900	3,394,696	3,344,454	-	50,242
Pupil services	1,881,404	1,927,718	1,834,544	-	93,174
Total instruction	<u>20,278,835</u>	<u>21,419,469</u>	<u>20,879,794</u>	<u>75,000</u>	<u>464,675</u>
Pupil transportation	2,838,500	2,123,308	997,086	-	1,126,222
Community services	17,000	17,000	9,000	-	8,000
Employee benefits	12,553,380	12,187,525	11,597,286	-	590,239
Debt service	5,258,393	4,828,689	4,794,689	-	34,000
Total expenditures	<u>47,665,717</u>	<u>47,350,622</u>	<u>44,288,960</u>	<u>316,687</u>	<u>2,744,975</u>
Other financing uses:					
Operating transfers to other funds	650,000	2,585,085	2,585,085	-	-
Total expenditures and other financing uses	<u>48,315,717</u>	<u>49,935,707</u>	<u>46,874,045</u>	<u>316,687</u>	<u>2,744,975</u>
Net change in fund balances	\$ <u>(560,717)</u>	<u>(2,180,707)</u>	497,380		
Fund balances, beginning of year			<u>17,013,813</u>		
Fund balances, end of year			<u>\$ 17,511,193</u>		

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Changes in Net Other Post Employment Benefit Liability

For the year ended June 30, 2024

<u>Measurement date</u>	<u>7/1/2017</u>	<u>7/1/2018</u>	<u>7/1/2019</u>	<u>7/1/2020</u>	<u>7/1/2021</u>	<u>7/1/2022</u>	<u>7/1/2023</u>
Service cost	\$ 7,513,744	5,721,190	5,762,669	5,455,308	8,066,089	8,078,382	5,749,494
Interest	5,208,337	5,922,825	5,791,171	5,490,099	4,358,342	4,458,607	6,827,204
Changes in benefit terms	-	(1,124,485)	-	(1,132,565)	(319,055)	-	-
Differences between expected and actual experience	-	(21,078,434)	-	(423,293)	-	2,464,915	-
Change in assumptions and other inputs	(25,825,204)	(750,345)	(219,706)	32,608,505	3,804,833	(23,407,860)	(4,316,294)
Benefit payments	<u>(3,232,739)</u>	<u>(3,427,435)</u>	<u>(3,797,495)</u>	<u>(3,821,494)</u>	<u>(4,696,031)</u>	<u>(4,876,730)</u>	<u>(4,628,123)</u>
Net changes in total OPEB liability	(16,335,862)	(14,736,684)	7,536,639	38,176,560	11,214,178	(13,282,686)	3,632,281
Total OPEB liability - beginning	<u>176,851,304</u>	<u>160,515,442</u>	<u>145,778,758</u>	<u>153,315,397</u>	<u>191,491,957</u>	<u>202,706,135</u>	<u>189,423,449</u>
Total OPEB liability - ending	\$ <u>160,515,442</u>	<u>145,778,758</u>	<u>153,315,397</u>	<u>191,491,957</u>	<u>202,706,135</u>	<u>189,423,449</u>	<u>193,055,730</u>
Covered payroll	\$ 16,871,862	17,384,311	18,455,124	18,429,421	19,136,152	29,068,387	22,620,348
Total OPEB as a percentage of covered payroll	951%	839%	831%	1039%	1059%	652%	853%

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

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of District's Proportionate Share of Net Pension Asset (Liability) - NYSLRS Pension Plan

June 30, 2024

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>
Teachers' Retirement System (TRS)										
District's proportion of the net pension asset (liability)	0.071331%	0.072676%	0.076628%	0.072164%	0.074371%	0.076985%	0.074102%	0.076513%	0.073893%	0.075234%
District's proportion share of the net pension asset (liability)	\$ 7,945,807	7,549,718	(820,713)	548,518	1,344,821	2,000,079	(2,047,627)	13,258,916	(1,417,926)	(860,360)
District's covered payroll	\$ 10,328,000	10,537,000	10,917,000	11,815,000	11,436,000	12,114,000	12,850,000	12,577,000	14,145,242	14,869,176
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	<u>76.93%</u>	<u>71.65%</u>	<u>7.52%</u>	<u>4.64%</u>	<u>11.76%</u>	<u>16.51%</u>	<u>15.93%</u>	<u>105.42%</u>	<u>10.02%</u>	<u>5.79%</u>
Plan fiduciary net position as a percentage of the total pension asset (liability)	111.48%	110.46%	99.01%	100.66%	101.53%	102.20%	97.80%	113.20%	98.60%	99.20%
Employees' Retirement System (ERS)										
	<u>3/31/2015</u>	<u>3/31/2016</u>	<u>3/31/2017</u>	<u>3/31/2018</u>	<u>3/31/2019</u>	<u>3/31/2020</u>	<u>3/31/2021</u>	<u>3/31/2022</u>	<u>3/31/2023</u>	<u>3/31/2024</u>
District's proportion of the net pension asset (liability)	0.014720%	0.014917%	0.015409%	0.015486%	0.015845%	0.016726%	0.017494%	0.017569%	0.021005%	0.024859%
District's proportion share of the net pension asset (liability)	\$ 497,261	2,394,270	1,447,871	499,800	1,122,690	4,429,247	17,419	(1,436,183)	(4,504,415)	(3,660,233)
District's covered payroll	\$ 3,796,000	3,759,000	4,019,000	4,241,000	4,384,000	4,682,000	5,040,000	5,220,000	6,883,000	7,751,000
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	<u>13.10%</u>	<u>63.69%</u>	<u>36.03%</u>	<u>11.78%</u>	<u>25.61%</u>	<u>94.60%</u>	<u>0.35%</u>	<u>27.51%</u>	<u>65.44%</u>	<u>47.22%</u>
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.90%	90.70%	94.70%	98.24%	96.27%	86.39%	99.95%	103.65%	90.78%	93.88%

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of District's Contributions - NYSLRS Pension Plan
(in thousands)

For the year ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Teachers' Retirement System (TRS)										
Contractually required contribution	\$ 1,430	1,441	1,387	1,242	1,483	1,291	1,421	1,649	1,980	1,783
Contribution in relation to the contractually required contribution	<u>1,430</u>	<u>1,441</u>	<u>1,387</u>	<u>1,242</u>	<u>1,483</u>	<u>1,291</u>	<u>1,421</u>	<u>1,649</u>	<u>1,980</u>	<u>1,783</u>
Contributions deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	14,869	14,145	12,987	13,369	12,850	12,114	11,436	11,815	10,917	10,537
Contributions as a percentage of covered payroll	9.6%	10.2%	10.7%	9.3%	11.5%	10.7%	12.4%	14.0%	18.1%	16.9%
Employers' Retirement System (ERS)										
Contractually required contribution	878	657	751	685	638	604	602	582	644	679
Contributions in relation to the contractually required contribution	<u>878</u>	<u>657</u>	<u>751</u>	<u>685</u>	<u>638</u>	<u>604</u>	<u>602</u>	<u>582</u>	<u>644</u>	<u>679</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	7,751	6,051	5,220	5,040	4,682	4,384	4,241	4,019	3,759	3,796
Contributions as a percentage of covered payroll	11.3%	10.9%	14.4%	13.6%	13.6%	13.8%	14.2%	14.5%	17.1%	17.9%

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Change from Adopted Budget to Final Budget and the
Real Property Tax Limit - General Fund

June 30, 2024

Change from Adopted Budget to Final Budget

Adopted budget	\$ 36,886,087
Add: prior year's encumbrances	<u>119,990</u>
Original budget	37,006,077
Budget revision	<u>-</u>
Final budget	\$ <u><u>37,006,077</u></u>

Section 1318 of Real Property Tax Law Calculation

2024-2025 voter approved expenditure budget	\$ 38,673,194
Maximum allowed 4% of 2024-2025 budget	1,546,928

General fund balance subject to Section 1318 of Real Property Tax Law

Unrestricted fund balance:		
Assigned fund balance	\$ 1,541,633	
Unassigned fund balance	<u>6,148,560</u>	
Total unrestricted fund balance	<u>7,690,193</u>	
Less:		
Appropriated fund balance	1,224,946	
Encumbrances included in committed and assigned fund balance	<u>316,687</u>	
Total adjustments	<u>1,541,633</u>	
General fund balance subject to Section 1318 of Real Property Tax Law		\$ <u><u>6,148,560</u></u>
Annual percentage		<u><u>15.90%</u></u>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Project Expenditures - Capital Projects Fund

For the year ended June 30, 2024

<u>Project Title</u>	<u>Original appropriation</u>	<u>Revised appropriation</u>	<u>Prior year</u>	<u>Current year</u>	<u>Total</u>	<u>Unexpended balance</u>	<u>Proceeds of obligations</u>	<u>Federal & state aid</u>	<u>Local sources</u>	<u>Total</u>	<u>Transfers to debt service</u>	<u>Fund balance June 30, 2024</u>
Athletic Fields	\$ 7,400,000	7,400,000	4,577,545	2,641,087	7,218,632	181,368	2,875,996	3,254,004	1,500,000	7,630,000	-	411,368
Buses	1,400,000	1,352,164	-	943,123	943,123	409,041	1,400,000	789,405	-	2,189,405	837,241	409,041
Emergency Project - Fuel Tank	750,000	750,000	291,748	244,422	536,170	213,830	244,422	-	291,748	536,170	-	-
Fuel Tank Replacement	443,800	443,800	193,694	206,306	400,000	43,800	210,800	189,200	-	400,000	-	-
Fuel Tank Replacement Bus Garage	665,700	665,700	277,233	322,767	600,000	65,700	316,200	283,800	-	600,000	-	-
Main Campus Renovations	5,203,195	5,203,195	-	2,601,237	2,601,237	2,601,958	-	-	-	-	-	(2,601,237)
Main Campus Renovations	26,500,000	26,145,000	20,941,805	-	20,941,805	5,203,195	55,000	10,145,725	-	10,200,725	-	(10,741,080)
Main Campus Renovations	-	355,000	355,000	-	355,000	-	-	-	-	-	-	(355,000)
Total	\$ 42,362,695	42,314,859	26,637,025	6,958,942	33,595,967	8,718,892	5,102,418	14,662,134	1,791,748	21,556,300	837,241	(12,876,908)

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Revenues and Expenditures for the Mohawk School - General Fund

For the year ended June 30, 2024

Revenues:	
Charges for services	\$ 3,050
Use of money and property	5,623
Sale of property and compensation for loss	20
Miscellaneous	76,630
State sources	10,297,618
Federal sources	<u>-</u>
Total revenues	<u>10,382,941</u>
Expenditures:	
General support	1,600,588
Instruction	5,524,512
Employee benefits	3,034,931
Debt service	<u>23,021</u>
Total expenditures	<u>10,183,052</u>
Excess of revenues over expenditures	<u>199,889</u>
Other financing sources and uses:	
Operating transfer out	<u>(199,889)</u>
Total other sources and uses	<u>(199,889)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Combined Balance Sheet - Non-Major Governmental Funds

June 30, 2024

	<u>School lunch</u>	<u>Debt service</u>	<u>Non-major capital projects</u>	<u>Total non-major funds</u>
Assets:				
Cash:				
Unrestricted	\$ -	-	502,413	502,413
Restricted	-	872,199	-	872,199
Receivables:				
Due from other funds	-	114,649	322,996	437,645
State and federal aid	236,135	-	-	236,135
Inventories	38,034	-	-	38,034
Total assets	<u>\$ 274,169</u>	<u>986,848</u>	<u>825,409</u>	<u>2,086,426</u>
Liabilities:				
Payables:				
Accounts payable	-	-	5,000	5,000
Accrued liabilities	1,177	-	-	1,177
Due to other funds	201,707	-	-	201,707
Due to other governments	882	-	-	882
Deferred compensation	15,000	-	-	15,000
Notes payable:				
Bond anticipation	-	-	355,000	355,000
Total liabilities	<u>218,766</u>	<u>-</u>	<u>360,000</u>	<u>578,766</u>
Fund balances:				
Non-spendable	38,034	-	-	38,034
Restricted:				
Reserve for debt	-	986,848	-	986,848
Assigned:				
Assigned unappropriated fund balance	17,369	-	532,830	550,199
Unassigned fund balance	-	-	(67,421)	(67,421)
Total fund balances	<u>55,403</u>	<u>986,848</u>	<u>465,409</u>	<u>1,507,660</u>
Total liabilities and fund balances \$	<u>274,169</u>	<u>986,848</u>	<u>825,409</u>	<u>2,086,426</u>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds

For the year ended June 30, 2024

	School food service	Debt service	Capital project - capital outlay	Total non-major funds
Revenues:				
Use of money and property	\$ 1,292	11,053	-	12,345
Miscellaneous	20,420	342,944	-	363,364
State sources	43,915	-	-	43,915
Federal sources	1,303,798	-	789,405	2,093,203
Surplus food	57,909	-	-	57,909
Sales - school lunch	97,626	-	-	97,626
	<u>1,524,960</u>	<u>353,997</u>	<u>789,405</u>	<u>2,668,362</u>
Expenditures				
General support	811,277	119,039	400,000	1,330,316
Pupil transportation	-	-	1,787,545	1,787,545
Employee benefits	495,124	-	-	495,124
Cost of sales	866,347	-	-	866,347
Capital outlay	-	-	2,170,160	2,170,160
	<u>2,172,748</u>	<u>119,039</u>	<u>4,357,705</u>	<u>6,649,492</u>
Deficiency of revenues over expenditures	<u>(647,788)</u>	<u>234,958</u>	<u>(3,568,300)</u>	<u>(3,981,130)</u>
Other financing sources and uses:				
Operating transfers in	647,788	951,890	1,944,422	3,544,100
Operating transfers out	-	(200,000)	(837,241)	(1,037,241)
Proceeds from debt	-	-	4,602,996	4,602,996
	<u>647,788</u>	<u>751,890</u>	<u>5,710,177</u>	<u>7,109,855</u>
Deficiency of revenues and other sources over expenditures and other uses	-	986,848	2,141,877	3,128,725
Fund balances - beginning of year	<u>55,403</u>	<u>-</u>	<u>(1,676,468)</u>	<u>(1,621,065)</u>
Fund balances - end of year	<u>\$ 55,403</u>	<u>986,848</u>	<u>465,409</u>	<u>1,507,660</u>

See accompanying independent auditor's report.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Investment in Capital Assets, Net of Related Debt

For the year ended June 30, 2024

Capital assets, net		\$ 111,345,807
Deduct:		
Unamortized premium on bond issuance	1,455,048	
Short-term portion of bonds payable	2,025,000	
Long-term portion of bonds payable	<u>14,920,000</u>	<u>18,400,048</u>
Investment in capital assets, net of related debt		\$ <u><u>92,945,759</u></u>

See accompanying independent auditor's report.



INDEPENDENT AUDITOR’S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

To the Board of Education
Salmon River Central School District:

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Salmon River Central School District for the year ended June 30, 2024, and the related note to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Salmon River Central School District for the year ended June 30, 2024, in accordance with the cash basis of accounting described in note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Salmon River Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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

Responsibilities of Management for the Financial Statement

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

To the Board of Education
Page 2 of 2

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Salmon River Central School District's internal control. 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, significant audit findings, and certain internal control related matters that we identified during the audit.

Syracuse, New York
October 29, 2024



FustCharles LLP

SALMON RIVER CENTRAL SCHOOL DISTRICT

Extra Classroom Activity Funds - Statement of Assets, Liabilities and Net Position
Arising from Cash Transactions

June 30, 2024

Assets:	
Cash	\$ <u>107,377</u>
Restricted net position:	
Extraclassroom activity balances	\$ <u>107,377</u>

See accompanying note to extra classroom activity funds.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Extra Classroom Activity Funds - Schedule of Cash Receipts, Disbursements and Ending Balances

Year ended June 30, 2024

<u>Activity</u>	Beginning balance <u>6/30/2023</u>	<u>Receipts</u>	<u>Expenditures</u>	Ending balance <u>7/1/2024</u>
Band club	\$ 2,012	3,347	4,184	1,175
CBWEP	9,401	1,961	3,873	7,489
Chorus	895	896	1,187	604
Drama Club	10,299	4,210	2,932	11,577
Class of 2024	9,415	13,879	23,294	-
Class of 2025	2,246	8,819	7,694	3,371
Class of 2026	4,133	1,672	654	5,151
Class of 2027	11,347	1,651	302	12,696
Class of 2028	2,683	63,077	62,905	2,855
Class of 2029	2,145	3,013	2,021	3,137
Class of 2030	-	7,246	4,377	2,869
FFA	7,281	4,816	5,892	6,205
French Club	1,015	193	45	1,163
Health Club	954	603	634	923
Mohawk Club	-	2,698	-	2,698
Jr. National Honor Society	1,076	170	986	260
National Honor Society	1,121	1,857	1,919	1,059
Spanish Club	3,028	1,771	141	4,658
Student Council	2,498	2,105	1,728	2,875
Student Council Mohawk School	3,826	4,934	6,022	2,738
Yearbook Club	2,648	4,555	7,642	(439)
Students Who Care	4,766	8,015	7,239	5,542
Varsity Club	36,355	34,942	42,526	28,771
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 119,144	176,430	188,197	107,377
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying note to extra classroom activity funds.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Extra Classroom Activity Funds - Note to Financial Statements

June 30, 2024

(1) Significant Accounting Policies

The Extra Classroom Activity Funds of the Salmon River Central School District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management.

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

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Provided to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Education:				
Passed-through NYS Education Department:				
Title I Grants to Local Education Agencies:				
Title 1 A&D	84.010A	0021-24-0925	-	\$ 972,924
Title 1 School Improvement	84.010A	0011-23-2182	-	25,373
Title 1 School Improvement	84.010A	0011-24-8228	-	14,500
				<u>1,012,797</u>
Title II Part A	84.367A	0147-24-0925		<u>94,999</u>
Special Education Cluster:				
IDEA-Part B Section 619	84.173A	0033-24-0261		14,546
IDEA-Part B Section 611	84.027A	0032-24-0261		<u>460,051</u>
				<u>474,597</u>
Education Stabilization Fund:				
COVID-19 ARP-ESSER III	84.425U	5880-21-0925		1,683,614
COVID-19 ARP-SLR Learning Loss	84.425U	5884-21-0925		687,514
COVID-19 ARP-SLR Comprehensive After School	84.425U	5883-21-0925		<u>289,813</u>
				<u>2,660,941</u>
Title IV Part A	84.424A	0204-24-0925		93,635
Title V Part B	84.358B	0006-24-0925		34,693
Title VI	84.060A	S060A230399		<u>456,973</u>
Total US. Department of Education			<u>-</u>	<u>4,828,635</u>
U.S. Department of Agriculture:				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555			<u>57,909</u>
Non-Cash Assistance subtotal				<u>57,909</u>
Cash Assistance:				
National School Lunch Program	10.555			722,768
School Breakfast Program	10.555			350,261
Snack Program for Children	10.555			58,229
Summer Food Service Program for Children	10.559			124,806
Supply Chain Assistance	10.555			<u>43,812</u>
Cash Assistance subtotal				<u>1,299,876</u>
Total U.S. Dept. of Agriculture Child Nutrition Cluster			<u>-</u>	<u>1,357,785</u>
Total Federal Assistance Expenditures of Federal Awards			<u>\$ -</u>	<u>6,186,420</u>

See accompanying notes to schedule of expenditures of federal awards.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

June 30, 2024

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, for the year ended June 30, 2024. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information in this schedule 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 of Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by New York State. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.



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

Board of Education
Salmon River Central School District:

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 Salmon River Central School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Salmon River Central School District’s basic financial statements and have issued our report thereon dated October 29, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salmon River Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Syracuse, New York
October 29, 2024



FustCharles LLP



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
Salmon River Central School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Report on Compliance for Each Major Federal Program, Continued***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 Salmon River Central School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Salmon River Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Salmon River Central 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 Salmon River Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Salmon River Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Salmon River Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

Report on Compliance for Each Major Federal Program, Continued***Auditor's Responsibilities for the Audit of Compliance, Continued***

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salmon River Central School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Salmon River Central School District's basic financial statements. We issued our report thereon dated October 29, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Syracuse, New York
October 29, 2024
FustCharles LLP

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

Federal Assistance

<u>Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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U.S. Department of Education:

84.010	Title I Grants to Local Educational Agencies
84.425U	Educational Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

SALMON RIVER CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs, Continued

Section II - Financial Statement Findings

2024-001 Fund Balance

Criteria: New York State Real Property Tax Law requires school districts to maintain their unrestricted fund balance at or below 4 percent of the ensuing year's appropriations.

Condition: The portion of the District's fund balance subject to the New York State Real Property Tax Law limit exceeded the amount allowable.

Context: This is a repeat finding for the past several years. The unrestricted fund balance at June 30, 2024 is approximately \$4.6 million over the limit.

Effect: Funds were not used in a manner that benefitted taxpayers such as increasing legally adopted reserves, paying off debt and reducing property taxes.

Cause: The District adopted budgets with appropriations which exceeded the actual amounts needed.

Recommendation: We recommend that the District keep in mind the 4% rule when preparing future budgets.

Management's Response: See attached

Sections III - Federal Award Findings and Questioned Costs

None

SALMON RIVER CENTRAL SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

June 30, 2024

Note A- Findings - Financial Statement Audit

2023-001 Fund Balance

Status: See 2024-001 Fund Balance

Note B - Findings - Major Federal Award Programs Audit

There were no prior year audit findings.



SALMON RIVER CENTRAL SCHOOL DISTRICT

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Dr. Stanley Harper
Superintendent

Angela A. Robert
Assistant Superintendent for
Curriculum and Instruction

Benjamin Barkley
High School Principal

Danielle French
Elementary Principal

Natascha L. Jock
School Business
Executive

Allen Gravell
Director of Special Education

Erin Toomey
Middle School Principal

Alison Benedict
St. Regis Mohawk
School Principal

October 28, 2024

Management Responses

Finding Number: 2023-001

The Administration will continue to work with the Board of Education to prudently bring the District's fund balance into compliance with the Real Property Law 1318.

In the 2014-15 school year, the District received a one-time aid adjustment for the Native American Tuition. The District brought a miscalculation to the attention of NYS and worked for several years to have the formula corrected. In June 2014, NYS agreed to pay the District for the previous year with an amended formula. This resulted in the District adding \$5,124,072 to the fund balance due to the timing of the payments.

The District did not know the State was going to approve the formula change during the budgeting for the 2015-16 school year, so it was not included in the budget. During the year, the District did work to start replacing equipment and utilize one-time purchases to start bringing the fund balance back down.

Going forward, the tuition formula has resulted in increased tuition revenue each year. However, the District has been hesitant in adding too many staffing positions at once, given the uncertain nature of the tuition formula changes. The District has added a handful of positions into the budget each year to offset the increases in tuition. Since the additional positions only help to offset the annual tuition increases, the District continues to add allowable amounts each year into several reserves to set aside fund balance. Reserves for future capital projects, employee retirement costs, unemployment insurance costs and workers' compensation costs were created by the Board of Education and have lowered the unreserved fund balance.

While the District has worked to add positions each year, it has become increasingly difficult to fill the positions each year. This leaves vacancies for extended periods of time which saves the District money while adding to the growing fund balance. Also, the additional ARP funds provided to the District have covered some of the costs of these new positions. Therefore, in the 2023-2024 school year, the District did add \$497,380 to fund balance. However, now that the ARP funds have been depleted in the 2024-2025 school year, the District will have to absorb these positions back into the General Fund which will allow for the use of some of the excess fund balance.

Even with the creation of the reserves and the use of fund balance this year, the fund balance remains in excess of the 4% allowed by law. However, it should be noted that the District faces multiple future economic challenges. Our District is very heavily dependent on State Aid with 95% of revenues coming from State, Federal and Native American Aid. Rising health insurance rates and increasing personnel costs will also undoubtedly lead to increased program costs. Every year increasing unfunded mandates from NYS add to the burden of the budget with an inability to raise taxes due to the low tax base in our community. A 2% tax levy increase equates to approximately just over \$38,000 in revenue. It is the District's opinion that it is necessary given these factors to maintain an unreserved fund balance higher than 4%.

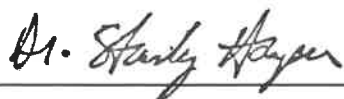
Implementation Date:

This will be implemented immediately with the development of the 2024-2025 budget process and each budget going forward to incorporate the use of additional fund balance annually as well as purchasing more non-recurring items. The anticipated completion date is 6/30/28.

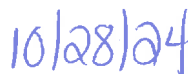
Person Responsible for Implementation

Dr. Stanley Harper, Superintendent of Schools and Natascha Jock, School Business Executive

Signed:



Dr. Stanley Harper
Superintendent of Schools



Date