

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 8, 2023**

**NEW ISSUE**

**SERIAL BONDS**

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, however for tax years beginning December 31, 2022, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (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 amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.*

The Bonds will **NOT** be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

**\$18,160,000**  
**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT**  
**NIAGARA COUNTY, NEW YORK**

**\$18,160,000\*\* School District Serial Bonds - 2023**

**Dated: May 31, 2023**

**Due: June 15, 2024-2037**

**MATURITIES\*\***

<b>Year</b>	<b>Amount</b>	<b>Year</b>	<b>Amount</b>	<b>Year</b>	<b>Amount</b>
2024	2,880,000	2029	1,095,000	2034	1,020,000 *
2025	1,825,000	2030	945,000	2035	1,075,000 *
2026	1,820,000	2031	975,000	2036	995,000 *
2027	1,425,000	2032	1,020,000 *	2037	895,000 *
2028	1,200,000	2033	990,000 *		

\* Bonds maturing in the years 2032-2037 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS – Optional Redemption" herein.

The Bonds are general obligations of the Niagara Wheatfield Central School District, Niagara County ("District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon without limitation as to rate or amount. See "Nature of the Obligation" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be in the principal amount of \$5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on Bonds will be payable on December 15, 2023, and semi-annually thereafter on June 15 and December 15 in each year until maturity (or early redemption). Principal and interest will be paid by the District to DTC, which in turn remits such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY-SYSTEM" herein.

Proposals for the Bonds shall be for not less than \$18,160,000 and accrued interest, if any, on the total principal amount of the Bonds. Proposals must be accompanied by a good faith deposit in the form of a wire transfer or certified or cashier's check, payable to the order of Niagara Wheatfield Central School District Niagara County, New York, in the amount of \$185,000.

The Bonds 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 Bonds of Hawkins, Delafield & Wood, LLC., New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as otherwise may be agreed upon with the purchaser, on or about May 31, 2023.

Sealed bids will be received WEDNESDAY, May 17, 2023, until 11:00 a.m. Prevailing Time, in accordance with the Notice of Sale at R.G. Timbs, Inc., 11 Meadowbrook Road, Whitesboro, NY 14392, fax (315)266-9212.

May 8, 2023

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 UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE APPENDIX-D, CONTINUING DISCLOSURE UNDERTAKING" HEREIN.

\*\*Preliminary, subject to change.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT  
NIAGARA COUNTY, NEW YORK**

School District Officials

**2022-23 BOARD OF EDUCATION**

Steven Sabo - President  
John Forcucci - Vice President

Julie Fago  
Michael Lee  
Robert McDermott  
Jason Myers  
Richard Sirianni  
Anna Reik – Student Ex-Officio



Daniel G. Ljiljanich - Superintendent of Schools  
Dr. Allison Davis – Assistant Superintendent of Finance and Management  
Deanna Rosinski – Assistant Business Official  
Samantha Robinson – District Treasurer  
Maureen Mack – District Clerk



**School District Attorney**

Harris Beach  
Webster Szanyi LLC

**BOND COUNSEL**

**Hawkins Delafield & Wood LLP**

**MUNICIPAL ADVISOR**



**R. G. Timbs, Inc.**

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

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**PREPARED WITH THE ASSISTANCE OF:**



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## OFFICIAL STATEMENT

of the

### NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT NIAGARA COUNTY, NEW YORK

Relating To

#### **\$18,160,000\* School District Serial Bonds - 2023**

This Official Statement, which includes the cover page, has been prepared by the Niagara Wheatfield Central School District, Niagara County, New York (the "District", "County" and "State," respectively) in connection with the sale by the School District of \$18,160,000\* School District Serial Bonds - 2023 (the "Bonds").

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

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

#### **Description of the Bonds**

The Bonds are general obligations of the District and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon without limitation as to rate or amount. See "Nature of the Obligation" herein.

The Bonds will be dated the date of delivery and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity. The record date for the Bonds will be the last business day of the calendar month preceding each interest payment date. Interest on the Bonds will be calculated on a 30-day month and 360-day year basis.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so, elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on December 15, 2023, and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "Book-Entry Only System" herein. If the Bonds are issued in registered certificated form, principal and interest will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to the bearer.

\*Preliminary, subject to change.

## **Optional Redemption**

The Bonds maturing on or before June 15, 2031, will not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2032 will be subject to redemption prior to maturity as a whole or in part (selected at random if less than all of a maturity is to be redeemed) at the option of the District on June 15, 2031 or any date thereafter at par (100%), plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the District at random (by lot or in any other customary manner of selection as determined by the President of the Board of Education). Notice of such call for redemption shall be given by mailing such notice to the registered owners of the Bonds not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

## **Nature of the Obligation**

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

The Bonds are 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. For the payment of such principal and interest the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District, without limitation as to rate or amount.

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 the State is specifically precluded from restricting the power of the District to levy taxes on real estate, therefore. However, Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides a procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. As the Bonds are being issued to finance voter approved capital expenditures, the Bonds qualify for such exclusion to the annual tax levy limitation. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "The Tax Levy Limit Law" herein.)

## **Remedies Upon Default**

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the District default in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. The Bonds are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Bonds at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. 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. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Bonds the owners of such Bonds could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Bonds as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

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

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "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. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), 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 the 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 or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the 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.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may 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.

### **Section 99-B of The State Finance Law**

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, 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 or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note 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 or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes 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 and notes 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 the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes 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 and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes 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 or notes pursuant to said section of the SFL.

### **No Past Due Debt**

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



## **Bankruptcy**

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes 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 become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

## **Market Matters Affecting Financings of The State and Municipalities of The State**

The School District's credit rating could be affected by circumstances beyond the School District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of School District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the School District's credit rating could adversely affect the market value of the Bonds.

If and when an owner of any of the Bonds should elect to sell all or a part of the Bonds prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds. The market value of the Bonds is dependent upon the ability of the holder to potentially incur a capital loss if such Bonds are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the School District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19 initially. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.



The School District is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received (“State Aid”). The School District’s receipt of State aid may be delayed as a result of the State’s failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the School District fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the School District is authorized pursuant to the Local Finance Law (“LFL”) to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the School District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the School District requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also “State Aid” herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds, for income taxation purposes could have an adverse effect on the market value of the Bonds (see “Tax Matters” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the School District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Bonds. (See “The Tax Levy Limit Law” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the School District could impair the financial condition of such entities, including the School District and the ability of such entities, including the School District to pay debt service on the

## **Purpose and Authorization**

The Bonds are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, and the Local Finance Law, and pursuant to a bond resolution dated June 5, 2019, authorizing the issuance of obligations of the District in the amount of \$30,000,000 for the financing of construction of alterations and improvements to District buildings and sites (the “Project”).

An \$18,127,692 portion of the proceeds of the Bonds, along with \$2,887,308 in District funds available therefore, will be used to redeem the District’s \$21,015,000 Bond Anticipation Note-2022 which matures on June 27, 2023. The \$32,308 balance of the proceeds of the Bonds will be used to provide additional original financing for the Project.

## **Book-Entry Only System**

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

*Source: The Depository Trust Company*

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

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

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

### **Certificated Bonds**

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, or the successful bidder elects to have the Bonds issued in registered certificated form, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity thereof. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the District upon termination of the book-entry-only system or by the successful bidder if the Bonds are issued in registered certificated form is chosen. Interest on the Bonds will be payable on December 15, 2023, and semi-annually thereafter on June 15 and December 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

## **THE DISTRICT**

### **General Information**

The District comprises about 115 square miles in southwestern Niagara County, adjacent to the City of Niagara Falls on the west and south and the City of North Tonawanda and the Niagara River on the south. Included within its boundaries are major portions of the towns of Niagara and Wheatfield and small portions of the Towns of Lewiston and Cambria.

The District is residential and industrial in character but has some open farmland. Many of the residents are employed in the cities of Niagara Falls, Lockport, and Buffalo. A network of highways provides transportation means for local motor freight, and airport facilities are available at the Buffalo Niagara International Airport and the Niagara Falls International Airport which includes the Niagara Falls Air Force Base.

Hospital, banking, recreational and utility facilities are available to the residents of the District, either within the District or in nearby areas. Public safety is provided by the State Police and the Niagara County Sheriff's Department. Fire protection is provided by volunteer fire companies.

### **District Population**

The 2021 population of the School District is estimated to be 26,725 (Source: 2021 U.S. Census Bureau estimate)

### **Economic Developments**

Three solar farms have been proposed, one in the Town of Niagara, and two in the Town of Lewiston.

Amazon has announced plans to open a warehouse distribution center in the community.

The Town of Wheatfield is also considering a proposed new residential housing development consisting of four-eight-unit buildings and four-twelve-unit buildings.

Developers Nick Sinatra and Paul Nanula have teamed up in a \$30 million joint venture to operate and manage more than eight commercial office buildings in the Woodlands Corporate Center commercial park in Wheatfield.

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2017-2021</u>	<u>2000</u>	<u>2006-2010</u>	<u>2017-2021</u>
Towns Of:						
Niagara	\$17,500	\$23,156	\$27,324	\$43,689	\$51,598	\$56,528
Wheatfield	22,184	28,328	40,836	61,315	82,332	105,239
Lewiston	23,275	29,053	37,780	58,620	72,721	95,547
Cambria	20,397	26,540	45,073	54,583	75,633	110,000
County Of:						
Niagara	19,219	24,224	33,465	47,817	59,471	78,989
State Of:						
New York	23,389	30,948	43,208	51,691	67,405	92,731

Note: 2018-2021 American Community Survey Estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2017-2021 American Survey data.

## District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Current Maximum Classroom Capacity</u>	<u>Date of Last Addition or Alteration</u>
Tuscarora Indian Elementary	K-6	1952	533	2022
Colonial Village Elementary	K-5	1949	926	2022
Errick Road Elementary	K-5	1953	961	2022
West Street Elementary	K-5	1997	726	2022
Edward Town Middle School	6-8	1964	2,019	2022
Niagara Wheatfield Senior High	9-12	1958	2,627	2022

Source: District Officials

## District Employees

The District employs a total of 596 full-time and 40 part-time employees with representation by the various units listed below.

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
Niagara Wheatfield Teachers' Association	342	6/30/2025
Niagara Wheatfield School Related Personnel Assoc.	250	6/30/2028
Niagara Wheatfield Administrator Association	15	6/30/2027
Directors and Supervisors	5	6/30/2023
Confidential and Other Professional	24	6/30/2027

Source: District Officials

## Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2018-19	3,520	2023-24	3,200
2019-20	3,431	2024-25	3,200
2020-21	3,427	2025-26	3,200
2021-22	3,350	2026-27	3,200
2022-23	3,265	2027-28	3,200

Source: District Officials

## Employee Pension Benefits

All non-teaching and non-certified administrative employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York and Local Employees' Retirement -System ("ERS"). Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS"). Payments to TRS are deducted from the School District's State aid payments. Both the ERS and the TRS (together, the "Retirement Systems") are non-contributory with respect to members hired prior to July 27, 1976. Other than those in Tier V and Tier VI, all members hired on or after July 27, 1976, with less than 10 years of service must contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, pension reform legislation was signed into law that created a new Tier V pension level. 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 toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

Members of the TRS have a separate Tier V benefit structure that will achieve equivalent savings as other civilian public employees. It includes:

- Raising the minimum age an individual can retire without penalty from 55 to 57 years.
- Contributing 3.5% of their annual wages to pension costs rather than 3% and continuing this increased contribution so long as they accumulate additional pension credits.
- Increasing the 2% multiplier threshold for final pension calculations from 20 to 25 years.

In accordance with constitutional requirements, Tier V applies only to public employees hired after December 31, 2009, and before April 2, 2012.

On March 16, 2012, legislation was signed into law that created a new Tier VI pension program. The Tier VI plan only applies to those employees hired on or after April 1, 2012. The new pension tier has progressive contribution rates between 3% to 6% of salary; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under previous tiers, there was no limit to the number of public employers a public employee worked for from which retirement benefits could be calculated. Tier VI permits only two salaries to be included in the calculation. The pension multiplier for Tier VI is 1.75% for the first 20 years of service and 2% thereafter; Vesting will occur after 10 years of service. The final average salary is based on a five-year average instead of the previous Tiers' three-year average. Pension eligible overtime for civilian and non-uniformed employees will be capped at \$15,000, indexed for inflation. For uniformed employees outside of New York City, the cap is set at 15% of base pay. The number of sick and leave days that can be applied toward retirement service credit is reduced from 200 to 100. The legislation includes an optional defined contribution plan for new non-union employees with annual salaries of \$75,000 or more. The State is required to fund any pension enhancements on an ongoing basis. This is a potential future cost savings for local governments.

The District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2022-23 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2017-2018	\$1,187,778	\$2,435,116
2018-2019	1,215,837	2,723,770
2019-2020	1,255,803	2,306,037
2020-2021	1,315,968	2,572,970
2021-2022	1,049,937	2,609,792
2022-2023 (Budgeted)	1,047,764	2,793,071

Source: Audited financial statements for the 2017-2018 fiscal year through the 2021-2022 fiscal year and the adopted budget of the District for the 2022-2023 fiscal year. This table is not audited.

**Retirement Incentive Program** – 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 rates as a percent of payroll (2018-19 to 2023-24) is show below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-2019	14.9	10.62
2019-2020	14.6	8.86
2020-2021	14.6	9.53
2021-2022	16.2	9.8
2022-2023	11.6	10.29
2023-2024	13.1	N/A

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 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 12.5% 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 State’s 2019-2020 Enacted Budget permits school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such 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 did establish a TRS Reserve Fund on June 30, 2019, and initially funded the reserve in the amount of \$526,000. The reserve has a current balance of \$1,169,947.

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.

## **Other Post-Employment Benefits**

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits 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** - refers to "other post-employment benefits," meaning other than pension benefits. OPEB consists primarily of health care benefits; and may include other benefits such as disability benefits and life insurance. Until recently, 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** - requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. However, GASB 75 also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity and requires: (a) explanations of how and why the OPEB liability changed from year to year (b) amortization and reporting of deferred inflows and outflows due to assumption changes, (c) use of a discount rate that takes into account resources of an OPEB plan and how they will be invested to maximize coverage of the liability (d) a single actual cost method and (e) immediate recognition of OPEB expense and effects of changes to benefit terms.

Under GASB 75, a total OPEB liability is determined for each municipality or school district. A net change in the total OPEB Liability is calculated as the sum of changes for the year including service cost, interest, difference between expected and actual experience, changes in benefit terms, changes in assumptions or other inputs, less the benefit payments made by the School District for the year.

Based on the most recent actuarial valuation dated June 30, 2022, and financial data as of June 30, 2022, the School District's beginning year total OPEB liability was (\$1,210,911), the net change for the year was (\$756,702) resulting in a total OPEB liability of (\$1,967,613) for a fiscal year ending June 30, 2022. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2022, financial statements.

The total OPEB liability is required to be determined through an actuarial valuation every two years, at a minimum. However, OPEB plans with fewer than 100 members may use an alternative measurement method in place of an actuarial valuation. Additional information about GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

There is no authority in current State law to establish a trust account or reserve fund for this liability. While State Comptroller Thomas P. DiNapoli proposed a bill in April of 2015 that would create an optional investment pool to help local governments fund their OPEB liabilities, such legislation has not advanced past the committee stage.

The School District's total OPEB liability is expected to increase. As is the case with most municipalities, this is being handled by the School District on a "pay-as-you-go" basis. Substantial future increases could have a material adverse impact upon the School District's finances and could force the School District to reduce services, raise taxes or both.

### **Major Employers For Buffalo and Western New York**

<u>Name</u>	<u>Nature of Business</u>	<u>Estimated Number of Employees</u>
State of New York	Government	26,019
Federal Executive Board	Government	11,084
Kaleida Health	Health Care	8,194
M&T Bank	Banking	8,000
Catholic Health	Health Care	7,202
Buffalo City School District	Education	6,293
University at Buffalo	Education	5,984
Tops Friendly Markets	Retail Grocery	5,486
Walmart	Retail	5,100
Erie County	Government	4,458
Moog Inc.	Manufacturing	4,200
Geico	Insurance	3,800
Erie County Medical Center Corp	Health Care	3,537
U.S. Postal Service	Government	3,526
Roswell Park Comprehensive Cancer Center	Health Care	3,460
Wegmans Food Markets Inc	Retail Grocery	3,450
City of Buffalo	Government	3,012
Niagara Falls Air Force Reserve Station	Government	3,000
People Inc.	Human Services	2,884
General Motors	Manufacturing	2,676
Seneca Gaming Corp	Entertainment	2,560
Williamsville Central School District	Education	2,127
VA Western New York Healthcare System	Health Care	1,969
CITI	Banking	1,936
Elderwood	Health Care	1,834
Ingram Micro	Technology	1,750
Seneca Nation	Government	1,700
UB MD Physicians Group	Health Care	1,666

Source: District Officials

## Unemployment Rate Statistics

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

Year	Niagara County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2018	5.2%	4.1%	3.9%
2019	4.8%	3.8%	3.7%
2020	10.1%	10.0%	8.1%
2021	5.7%	6.9%	5.3%
2022	3.8%	4.3%	3.7%

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

	<b><u>2022-23 Monthly Figures</u></b>											
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Niagara County	3.3%	3.5%	3.9%	4.1%	3.2%	3.0%	3.4%	3.7%	4.9%	4.5%	N/A	N/A
New York State	4.0%	4.1%	4.3%	4.2%	3.6%	3.7%	3.8%	3.8%	4.6%	4.5%	N/A	N/A

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

## Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the “GML”), the District is generally permitted to deposit monies in banks and 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 in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys 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 of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those bonds issued by the District; (5) certificates of participation issued 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 the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing instruments and 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 instruments and investments purchased with the proceeds of 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 in Section 10 of the GML.

## **Form of School Government**

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education, which consists of seven members including the President and Vice President. Board members are elected for overlapping terms of three years such that as nearly as possible an equal number of members are elected to the Board on the third Tuesday of May each year. The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by such Board, include the Superintendent of Schools and School Business Administrator.

## **Budgetary Procedures**

Pursuant to the Education Law, the Board of Education of the School District annually prepares a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven 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 School District must mail a school budget notice to all qualified voters which contains the total budgeted 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 budget 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 School District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011 of the State of New York ("Chapter 97"), beginning with the 2012-13 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% (plus certain adjustments, if applicable) or the rate of inflation (the "Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap also must receive at least 60% voter approval.

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

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

The budget for the 2021-22 fiscal year was adopted by the qualified voters on May 18, 2021, by a vote of 547 to 212. The School District's 2021-22 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2022-23 fiscal year was adopted by the qualified voters on May 17, 2022, by a vote of 839 to 296. The School District's 2022-23 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

## **State Aid**

The District receives appropriations from the State 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 2022-23 fiscal year, approximately 43.98% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. The State’s budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State’s 2021-22 Enacted Budget was adopted on April 7, 2021. 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.

President Biden has signed into law the American Rescue Plan, a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools, and maintain vital services. The American Rescue Plan also includes



an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental, and utility assistance to low- and moderate-income households, an increase in food stamp benefits, additional funding for childcare and an increase in childcare tax credits. As of the date of this Official Statement it is not possible to predict the long-term impacts that the American Rescue Plan will have on the finances of the State.

Since March 2020, the State has been awarded over \$14 billion in Federal education COVID response funding through the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act; Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (“CRRSA”); and the American Rescue Plan (“ARP”) Act. These funds are supporting the ability of local educational agencies to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in the State. The District has been allocated a total of approximately \$4,892,669 in ARP funds and \$3,209,176 in CRRSA funds. As of June 30, 2022, the District has received \$954,371 in ARP funds and \$613,880 in CRRSA funds.

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.

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

The State 2018-2019 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately \$859 million of that increase was comprised of traditional public-school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at \$26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of \$618 million in Foundation Aid for school districts. Foundation Aid totaled nearly \$17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. \$50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-2019.

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

The State's 2020- 2021 Enacted Budget - 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. The 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 come in below 99% of estimates or if actual disbursements exceed 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.

The State 2021-22 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 includes the use of \$13 billion of federal funds for emergency relief, along with the Governor’s Emergency Education Relief, which includes, 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 are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are to be 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 are to receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding and will receive a full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts where applicable.

The State 2022-23 Enacted Budget provides \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year and includes a \$1.5 billion or 7.7 percent Foundation Aid increase. The State 2022-23 Enacted Budget also programs \$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, is 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 allocates \$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 2022-23 Enacted Budget increases 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.

On February 1, 2023, Governor Kathy Hochul delivered the Executive Budget to the New York State Legislature. The 2023-24 Executive Budget includes a \$3.1 billion or a 10% increase in school aid, the largest in State history, totaling \$34.5 billion in school aid. The foundation aid formula will be fully funded for the first time in the program’s history by way of a \$2.7 billion increase, including a dedication of \$250 million to establish high-impact tutoring programs. There is a \$392 million increase in all other school aid programs including expense-based aids, categorical aids, and competitive grants. A \$20 million in grant funding will establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$125 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95 percent of the State. In fiscal years 2022 and 2023, public school districts were awarded \$14 billion of federal elementary and secondary school emergency relief funds, available for use over multiple years. The 2023-24 Executive Budget is subject to approval by the State Legislature and then it must be signed into law by the Governor. There is no assurance that the 2023-24 Executive Budget will be adopted and no way to predict what changes the Governor and the Legislature may agree to

**State Aid Litigation** - In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York 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 Campaign for Fiscal Equity 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 Campaign for Fiscal Equity 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 Campaign for Fiscal Equity 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 has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State 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 Campaign for Fiscal Equity cases, and has 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 to phase-in full funding of Foundation Aid by the FY 2024 budget. In the 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund the Foundation Aid by FY 2024 budget and enacted this commitment into law. A breakdown of the currently anticipated Foundation Aid funding is available below:

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

The following table illustrates the percentage of total revenue of the District for each of the below fiscal years comprised of State aid and budgeted figures for 2022-23 fiscal years.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2017-2018	\$ 70,760,554	\$ 32,376,493	45.76%
2018-2019	73,131,376	33,795,406	46.21
2019-2020	73,722,565	33,420,968	45.33
2020-2021	90,464,459	49,773,925	55.02
2021-2022	80,969,340	40,388,469	49.88
2022-2023 (Budgeted)	80,524,936	39,518,781	49.07

Source: Audited financial statements for the 2017-2018 fiscal year through the 2021-2022 fiscal year and the adopted budget of the District for the 2022-2023 fiscal year. This table is not audited.

### **Fiscal Stress Monitoring**

The New York State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent information to School District officials, taxpayers, and policy makers regarding the various levels of fiscal stress under which the State's diverse school districts are operating.

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2022	No Designation	6.7
2021	No Designation	0.0
2020	No Designation	3.3
2019	No Designation	3.3
2018	No Designation	0.0

Note: See the official website of the New York State Comptroller for more information on FSMS. Reference to websites implies no warranty of accuracy of information therein.

## **State Comptroller Report of Examination**

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

The most recent State Comptroller audit report of the District dated February 21, 2020, was to determine whether District officials properly managed and accounted for Niagara Power Coalition and Native American revenues from July 1, 2015-September 18, 2019.

### **Key Findings**

- District officials did not properly account for Niagara Power Coalition revenues; \$4.2 million was maintained in the debt service fund although the funds had not been designated to pay debt.
- District officials improperly restricted funds in a debt service.
- District officials maintained a capital reserve that was not properly approved.

### **Key Recommendations**

- Account for Niagara Power Coalition revenues in a special revenue fund.
- Investigate the source of funds in the debt reserve and, if appropriate, transfer these funds to a special revenue fund.
- Consult with legal counsel on the appropriate action regarding the future use of the capital reserve.

A copy of the complete report and the District's response can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

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

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

## **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 Bonds were issued is the Education Law and the Local Finance Law.

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

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

Other than "Estimated Calculation of Overlapping Indebtedness", this Official Statement does not include the financial data of any other political subdivisions of the State having power to levy taxes within the School District.

## **Financial Statements**

The School District retains an independent Certified Public Accountant, whose most recent report covers the period ended June 30, 2022, and may be found attached hereto as Appendix B.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York 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 National Committee on Government Accounting.

**Tax Information**

**Assessed and Full Valuations**

Fiscal Year Ended June 30:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Assessed Valuations:</b>					
Town of Niagara	\$ 276,292,048	\$ 276,725,359	\$ 277,518,285	\$ 282,380,338	\$ 278,307,816
Town of Wheatfield	716,780,767	714,248,607	720,484,375	741,396,415	732,439,380
Town of Lewiston	120,622,182	120,846,756	122,003,150	125,024,186	122,268,226
Town of Cambria	<u>26,291,883</u>	<u>26,550,438</u>	<u>26,508,366</u>	<u>27,331,270</u>	<u>26,911,756</u>
<b>Total</b>	<b>\$ 1,139,986,880</b>	<b>\$ 1,138,371,160</b>	<b>\$ 1,146,514,176</b>	<b>\$ 1,176,132,209</b>	<b>\$ 1,159,927,178</b>
<b>Equalization Rates:</b>					
Town of Niagara	56.00%	54.00%	49.00%	46.00%	42.00%
Town of Wheatfield	60.00%	55.00%	53.00%	52.00%	46.00%
Town of Lewiston	67.00%	62.00%	59.00%	56.00%	53.00%
Town of Cambria	100.00%	95.00%	89.00%	82.00%	70.00%
<b>Full Valuations:</b>					
Town of Niagara	\$ 493,378,657	\$ 512,454,369	\$ 566,363,847	\$ 613,870,300	\$ 662,637,657
Town of Wheatfield	1,194,634,612	1,298,633,831	1,359,404,481	1,425,762,337	1,592,259,522
Town of Lewiston	180,033,107	194,914,123	206,785,000	223,257,475	230,694,766
Town of Cambria	<u>26,291,883</u>	<u>27,947,829</u>	<u>29,784,681</u>	<u>33,330,817</u>	<u>38,445,366</u>
<b>Total</b>	<b>\$ 1,894,338,259</b>	<b>\$ 2,033,950,151</b>	<b>\$ 2,162,338,009</b>	<b>\$ 2,296,220,929</b>	<b>\$ 2,524,037,311</b>

Equalized values shown here are those used by the School District for tax levy purposes as provided in the Real Property Tax Law. In some cases, equalization rates established specifically for school tax apportionment may have been used, as is also provided in the Real Property Tax Law.

**Tax Rate per \$1,000 Assessed Value**

Fiscal Year Ending June 30:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Town of Niagara</b>					
Homestead	\$ 28.95	\$ 28.46	\$ 29.95	\$ 31.10	\$ 30.90
Non-Homestead	38.80	38.18	40.15	41.94	41.63
<b>Town of Wheatfield</b>					
Homestead	26.63	27.63	27.41	27.30	28.09
Non-Homestead	36.36	37.53	37.19	37.13	38.21
<b>Town of Lewiston</b>					
Homestead	23.98	24.64	24.17	25.41	24.45
Non-Homestead	32.11	32.81	32.91	34.00	32.61
<b>Town of Cambria</b>					
Homestead	15.66	15.70	16.57	17.45	18.56
Non-Homestead	21.51	21.41	21.81	23.21	24.69

## Tax Collection Procedure

Real property taxes for school purposes are levied by the District and are collected by the District's appointed tax collector for each town. Such taxes may be paid without penalty on or before October 5. Delinquent school tax payments are assessed penalties in accordance with an ascending scale, which starts at 2% if paid between October 6 and November 5.

On or about November 5, uncollected taxes are turned over to the Niagara County Treasurer and the County reimburses the District in full for the uncollected amount no later than April 1 of the District's fiscal year.

The County has the power to enforce the collection of real property taxes and to issue and sell tax anticipation notes in order to finance any uncollected taxes returned to the District. Table 6 shows the District's collections for the past five years.

## Tax Collection Record

Fiscal Year Ended June 30:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023*</u>
Total Tax Levy:	\$32,979,761	\$33,543,714	\$34,043,515	\$34,720,519	35,411,457
Less: STAR Collections	4,486,113	4,224,241	3,959,103	3,785,139	3,483,700
Prior to Return to County	28,493,648	29,319,473	30,084,412	30,935,380	31,927,757
Amount Returned	1,326,293	1,565,230	1,463,080	1,395,465	1,393,040
Percentage Collected Prior to Return to County	95.35%	94.66%	95.14%	95.49%	95.64%

\*Tax Collection figures are as of 12/5/2022.

## Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2017-2018	\$ 70,760,554	\$ 33,906,962	47.92%
2018-2019	73,131,376	34,599,431	47.31
2019-2020	73,722,565	35,333,595	47.93
2020-2021	90,024,264	35,838,150	39.81
2021-2022	80,969,340	36,490,821	45.07
2022-2023 (Budgeted)	80,524,936	35,411,457	43.98

Source: Audited financial statements for the 2017-18 fiscal year through 2021-22 fiscal year and the adopted budget of the District for the 2022-2023 fiscal year. This table is not audited

**Major Taxpayers 2023  
For 2022-23 Tax Roll**

<u>Name</u>	<u>Type</u>	<u>Assessed Value</u>
Niagara Mohawk Power Corp	Utility	\$23,159,309
Empire State Pipeline	Utility	5,986,912
Niagara Recycling Inc	Landfill	5,532,900
CV9370 LLC	Mobile Home Park	4,447,600
Wegmans Food Markets Inc	Commercial	4,300,000
100 Crestwood Court LLC	Commercial	4,000,000
CCP North Gate 7584 LLC	Commercial	3,717,400
2600 Niagara Falls Blvd LLC	Commercial	3,450,000
National Fuel Gas Distribution	Utility	3,296,401
ACH Purchase Inc	Senior Living	2,825,000
Total		\$60,715,522

1. The above taxpayers represent 5.1% of the School District's 2022-23 Assessed value of \$1,183,822,579.

As of the date of this Official Statement, the District is aware of the following Tax Certiorari cases:

- 2600 Niagara Falls Boulevard LLC seeks to reduce the assessment for the property at 2600 Niagara Falls Boulevard from \$3,450,000 to \$1,560,000.
- 100 Crestwood Court, LLC seeks to reduce the assessment for property at 100 Crestwood Court (a/k/a 6910 Witmer Road) from \$4,000,000 to \$1,560,000.
- Niagara Recycling/Republic Services is challenging the assessment for thirteen (13) parcels of real property having a total assessed value of \$6,807,000. Petitioners seek an aggregate reduction of \$5,295,960, which would reduce the total assessed value for the parcels to \$1,511,040.

These matters all remain in the discovery phase with a discussion of whether formal appraisals will be required. The reductions sought, if awarded at trial, would result in the requirement of substantial refunds of prior tax paid. However, it is anticipated that resolution would include the waiver of refunds to be paid by the District, or a relatively minimal contribution to effect a settlement.

**General Fund Operations**

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A statement of such revenues and expenditures for the five-year period ending June 30, 2022, is contained in the Appendices). As reflected in the Appendices, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

**STAR – School Tax Exemption**

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$90,550 or less in 2021-22 and \$92,000 or less in 2022-2023, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$70,700 for the 2021-22 school year and



\$74,900 for the 2022-23 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.

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

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

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

The 2022-23 Enacted State Budget provides \$2.2 billion in State funding for a new 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.

## **Tax Levy Limitation Law**

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor. The Tax Levy Limit Law modifies current law by imposing a limit on the amount of real property taxes that a school district may levy. The Law affected school district tax levies for the school district fiscal year beginning July 1, 2012.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy 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”).

The Tax Levy Limit Law requires that a school district hereafter submit its proposed tax levy (not its proposed budget) to the voters each year and imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI, as described in the Law. Tax levies that do not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a tax levy in excess of the limit. In the event the voters reject the tax levy, the school

district's tax levy for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year, without any stated exceptions.

There are exceptions for school districts to the tax levy limitation provided in the law, 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.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures (such as the Bonds) and the refinancing or refunding of such bonds or notes certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "Nature of Obligation" herein).

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a Justice of the State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. After the ruling, NYSUT amended its complaint to include a challenge to the Real Property Tax Rebate, also on Federal and State constitutional grounds. On March 16, 2015, all causes of action contained in the amended complaint were dismissed. On May 5, 2016, the dismissal was upheld by the New York Supreme Court, Appellate Division, Third Judicial Department to dismiss the complaint. An additional appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the grounds that no substantial constitutional question was directly involved, and thereafter, leave to appeal was denied on January 14, 2017 by the Court of Appeals.

## **Real Property Tax Rebate**

Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of Tax Levy Limitation Law. School districts budgets must comply in their 2014-15 and 2015-16 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain State officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by Chapter 97. The implications of this program on future tax levies and for operations and services of the School District are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of 2015, signed into law by the Governor on June 26, 2015. The program applies in the years 2016 through 2019 and includes continued tax cap compliance. It is not known at this time if the program has been extended beyond 2019.

## **Status of Indebtedness**

### **Constitutional Requirements**

The New York State Constitution limits the power of the District (and other municipalities and 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 in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, 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.

Debt Limit the District has the power to contract indebtedness for any school district purpose so long as the 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. The constitutional method for determining full valuation by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

### **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 laws, including the Education Law.

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

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

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

(1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations,

and an action contesting such validity, is commenced within twenty days after the date of such publication or,

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

The Board of Education, as the finance board of the 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.

Statutory law in the State permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than 2 years from the date of the first issuance of such notes and provided that such renewal issues do not exceed 5 years beyond the original date of borrowing.

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue, tax anticipation, budget, and capital notes.

**Status of Indebtedness**

**Debt Outstanding End of Fiscal Year**

Fiscal Year Ending June 30:	2018	2019	2020	2021	2022
Serial Bonds	\$ 23,070,000	\$ 17,980,000	\$ 19,200,000	\$ 19,200,000	\$ 14,515,000
Bond Anticipation Notes	-	11,000,000	10,000,000	14,085,000	21,015,000
Capital Lease	-	2,478,271	2,346,476	2,346,476	2,210,530
<b>Total Debt Outstanding</b>	<b>\$ 23,070,000</b>	<b>\$ 31,458,271</b>	<b>\$ 31,546,476</b>	<b>\$ 35,631,476</b>	<b>\$ 37,740,530</b>

## Status of Outstanding Bond Issues

Year of Issue: 2013  
 Amount Issued: \$10,570,000  
 Purpose/Instrument: Building/ Serial Bond

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2023	\$ 720,000*	\$ 155,088
2024	740,000	133,488
2025	760,000	103,888
2026	780,000	73,488
2027	805,000	50,088
2028	<u>830,000</u>	<u>25,938</u>
Totals:	\$ 4,635,000	\$ 541,978

	2020*		2022	
Amount Issued:	\$9,925,000		\$1,485,000	
Purpose/Instrument:	Building/Serial Bond		DASNY Refunding/Serial Bond	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 600,000*	\$ 167,400	\$ 340,000	\$ 73,631
2024	615,000	155,400	365,000	57,250
2025	625,000	143,100	380,000	39,000
2026	640,000	130,600	400,000	20,000
2027	680,000	117,800	-	-
2028	695,000	104,200	-	-
2029	715,000	90,300	-	-
2030	730,000	76,000	-	-
2031	745,000	61,400	-	-
2032	760,000	46,500	-	-
2033	725,000	31,300	-	-
2034	620,000	16,800	-	-
2035	<u>220,000</u>	<u>4,400</u>	<u>-</u>	<u>-</u>
Totals:	\$ 8,370,000	\$ 1,145,200	\$ 1,485,000	\$ 189,881

\*2023 Principal reduction payment made prior to the date of this Official Statement.

## Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>%Paid</u>
2023	\$ 1,660,000	\$ 396,119	\$ 2,056,119	12.56%
2024	1,720,000	346,138	2,066,138	25.19%
2025	1,765,000	285,988	2,050,988	37.72%
2026	1,820,000	224,088	2,044,088	50.21%
2027	1,485,000	167,888	1,652,888	60.31%
2028	1,525,000	130,138	1,655,138	70.42%
2029	715,000	90,300	805,300	75.34%
2030	730,000	76,000	806,000	80.26%
2031	745,000	61,400	806,400	85.19%
2032	760,000	46,500	806,500	90.12%
2033	725,000	31,300	756,300	94.74%
2034	620,000	16,800	636,800	98.63%
2035	<u>220,000</u>	<u>4,400</u>	<u>224,400</u>	100.00%
Totals:	\$ 14,490,000	\$ 1,877,059	\$ 16,367,059	

## Cash Flow Borrowings

The District currently does not have revenue or tax anticipation notes outstanding.

## Status of Short-Term Indebtedness

<u>Type</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
BAN*	6/27/2022	6/27/2023	4.00%	\$21,015,000

\*To be redeemed using proceeds of the Bonds.

## Capital Project Plans

On May 21, 2019, the qualified voters of the District approved a capital project in the amount of \$30,000,000 for the construction of alterations and improvements to District buildings and sites. The District issued a \$10,000,000 Bond Anticipation Note on September 2, 2020. That was the first borrowing against said authorization. The District issued a \$14,085,000 Bond Anticipation Note on June 28, 2021. The proceeds of that note redeemed the \$10,000,000 BAN that matured on June 29, 2021, and provided new money for the aforementioned purpose. The proceeds of the \$21,015,000 Note issued June 27, 2022, along with \$645,000 in available district funds, redeemed the outstanding \$14,085,000 Bond Anticipation Notes maturing June 28, 2022, and provided \$7,575,000 in new money for the aforementioned purpose. Proceeds of the bonds, along with \$2,887,308 of available district funds will partially redeem and provide permanent financing for such authorization.

On November 22, 2022, the qualified voters of the District approved a capital project in the amount of \$59,000,000 for the construction of improvements and alterations to various district buildings and/or sites and the construction of a storage building at the HS/ETMS/BG campus. Included in this project is the renovation of the current high school auditorium allowing for an increase in seating nearly doubling the occupancy.

Construction on the \$59,000,000 Capital Project began in Spring 2023. The district will be using \$12,180,000 in Capital Reserve Funds and will issue the first borrowing against said authorization in Spring/Summer 2024.

## Capital Lease Obligations

The District has entered into an Energy Performance Contract to complete necessary energy improvements in many of the District buildings. The total principal amount of the lease was \$2,478,271 and was issued at a rate of 3.125%. Payments are due April 23 and October 23. The District anticipates receiving approximately 67.49% of the cost in State Aid with the remaining amount being paid by the energy cost savings. The remaining payments under this agreement are as follows:

<u>Year</u> <u>Ending June</u> <u>30th</u>	<u>Principal Due</u> <u>10/23</u>	<u>Principal Due</u> <u>4/23</u>	<u>Interest Due</u> <u>10/23</u>	<u>Interest Due</u> <u>4/23</u>	<u>Total</u>
2023	69,570	70,657	34,540	33,452	\$208,220
2024	71,761	72,883	32,348	31,227	\$208,220
2025	74,021	75,178	30,088	28,932	\$208,220
2026	76,353	77,546	27,757	26,564	\$208,220
2027	78,757	79,988	25,353	24,122	\$208,220
2028	81,238	82,507	22,872	21,603	\$208,220
2029	83,796	85,105	20,314	19,004	\$208,220
2030	86,435	87,786	17,675	16,324	\$208,220
2031	89,157	90,551	14,952	13,559	\$208,220
2032	91,965	93,402	12,144	10,707	\$208,220
2033	94,862	96,344	9,248	7,766	\$208,220
2034	97,849	99,378	6,260	4,732	\$208,220
2035	100,931	102,508	3,179	1,602	<u>\$208,220</u>
Total	\$1,096,695	\$1,113,833	\$256,730	\$239,594	\$2,706,860

## Building Aid Estimate

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. The District has not applied for such estimate; but anticipates that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 79.1%.

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.

A fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The provisions legislated, among other things, a new "assumed amortization" payout schedule for future State building aid payments based on an annual "average interest rate" and mandatory periods of probable usefulness with respect to the allocation of building aid. The School 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 School District will receive in relation to its outstanding debt. See "State Aid" herein.



## Debt Statement Summary

As of May 8, 2023

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Town of Niagara	\$ 278,307,816	42.00%	\$ 662,637,657
Town of Wheatfield	732,439,380	46.00%	1,592,259,522
Town of Lewiston	122,268,226	53.00%	230,694,766
Town of Cambria	26,911,756	70.00%	38,445,366
Total			<u>\$ 2,524,037,311</u>
Debt Limit: 10% of Full Valuation			\$ 252,403,731
Inclusions:			
Serial Bonds			\$ 13,170,000
Bond Anticipation Notes			21,015,000
Energy Performance Lease			-
Total Inclusions:			<u>\$ 34,185,000</u>
Exclusions:			
Building Aid Estimate <sup>1</sup>			<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 34,185,000
New Monies This Issue:			<u>32,308</u>
Total Net Indebtedness			\$ 34,217,308
Net Debt Contracting Margin			\$ 218,186,423
Percentage of Debt-Contracting Power Exhausted			13.56%

Notes:

1. Pursuant to the provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing building debt. Since the Gross Indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate and therefore is not permitted to deduct Estimated Building Aid.

## Estimated Overlapping Indebtedness

<u>Overlapping Unit</u>	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness</u> <sup>1</sup>	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
Niagara County	\$ 2,524,037,311		\$ 67,717,801	N/A	\$ 67,717,801	\$ 12,941,551
Town of Niagara	\$ 662,637,657	100.00%	\$ 6,030,424	N/A	\$ 6,030,424	\$ 6,030,424
Town of Wheatfield	\$ 1,592,259,522	95.30%	\$ 3,540,229	N/A	\$ 3,540,229	\$ 3,373,888
Town of Lewiston	\$ 230,694,766	15.41%	\$ 18,925,000	N/A	\$ 18,925,000	\$ 2,916,122
Town of Cambria	\$ 38,445,366	7.59%	\$ 1,232,800	N/A	\$ 1,232,800	\$ 93,607
<b>Total</b>						<u><u>\$ 25,355,592</u></u>

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2021.

Notes: Bonds and Bond Anticipation notes as of 2021 fiscal year. Not adjusted to include subsequent bond and note sales.  
N/A Information not available from source document

## Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 8, 2023:

	Amount	Per Capita <sup>(a)</sup>	Percentage of Full Value <sup>(b)</sup>
Net Indebtedness	\$ 34,217,308	\$ 1,280.35	1.356%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 59,572,900	\$ 2,229.11	2.360%

(a) The District's estimated population is 26,725. (Source: 2021 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2022-23 is \$2,524,037,311.

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

## **Market And Risk Factors**

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriations for State aid to school districts will be continued in futures 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 timelines of such payments may also be affected by a delay in the adoption of the State budget and other circumstances, including state fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available, therefore.

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 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.

Current and future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Bonds 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 Bonds 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 Bonds, or tax status of interest on the Bonds.

## **Tax Matters**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds 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. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Bonds, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds 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 as to any federal, state, or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to

its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state, or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

#### Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify 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 the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

#### Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

#### Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly, or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

#### Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

#### Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

#### Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation, or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

### **Approval of Legal Proceedings**

The validity of the Bonds will be covered by the unqualified legal opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the School District, such opinion to be delivered with the Bonds. The proposed form of such opinion is attached hereto as Appendix C

## **Continuing Disclosure Compliance**

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, the School District will enter into an Undertaking to provide Material Event Notices, the description of which is attached hereto as "Appendix D".

The District, on occasion, did not file certain material event notices relating to bond insurance rating changes by Moody's Investors Service and Standard & Poor's Investors Services with respect to its insured serial bonds. The District filed an event notice for these changes on EMMA on August 1, 2014. The District is otherwise in compliance in all material respects within the last five years with all previous undertakings made pursuant to Rule 15c2-12.

## **Litigation**

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In February 2020 the District was served with a summons and complaint naming the District as one of several defendants and alleging claims under the Child Victims Act. At this early stage it is not possible to determine the potential cost to the District arising from this claim. In the opinion of the attorney for the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

In March 2022, a lawsuit was filed in the federal court against the District alleging that the District was deliberately indifference to gender-based harassment. The District filed an Answer to Complaint, but discovery has not yet commenced in this action. This is an insured claim through New York Schools Insurance Reciprocal. It is too early at this point in this litigation to provide any opinions as to potential costs or damages.

On March 17, 2022, the District received a complaint filed against it by a former employee, with the New York State Division of Human Rights ("NYSDHR"). It alleges that the District retaliated against in connection with an internal sexual harassment complaint filed in December 2019. The District offered a last chance agreement, which the plaintiff agreed to accept but unexpectedly and voluntarily resigned from her employment with the District. The District has submitted a response to the complaint and is in the process of responding to a request for information from the NYSDHR. At this point, it is too early to determine what, if any, damages could potentially be awarded if probable cause is found but the District has strong defenses to the claim at issue.

## **Cybersecurity**

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

## **Bond Rating**

The School District has applied to Moody's Investors Service for a rating for this issue.

A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. 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 rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the District's outstanding serial bonds may have an adverse effect on the market price of the bonds.

### **Municipal Advisor**

R.G. Timbs, Inc. is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

### **CUSIP Identification Numbers**

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

### **Miscellaneous**

Concurrently with the delivery of the Bonds, the School 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 therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the School District is not guaranteed as to accuracy, completeness or fairness, the School District has no reason to believe and does not believe that such information is materially inaccurate or misleading, and to the knowledge of the School District, since the date of the Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the School District and no material adverse changes in the general affairs of the School District or in its financial condition as shown in the Official Statement other than as disclosed in or contemplated by the Official Statement. Certain information contained in the Official Statement has been obtained from sources other than the School District. All quotations from and summaries and explanations of provisions of laws herein do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

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



R.G. Timbs, Inc. may place a copy of this Official Statement on its website at [www.RGTimbsInc.net](http://www.RGTimbsInc.net). 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. R.G. Timbs, 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 School District nor R.G. Timbs, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, R.G. Timbs, Inc. and the School 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.

The School District's contact information is as follows: Allison Davis, Assistant Superintendent of Finance and Management, phone: (716) 215-3024; email: [adavis@nwcsd.org](mailto:adavis@nwcsd.org).

Additional copies of the Notice of Sale and the Official Statement may be obtained from the offices of R.G. Timbs, Inc., telephone number (877) 315-0100 x5 or at [www.RGTimbsInc.net](http://www.RGTimbsInc.net).

**Niagara Wheatfield Central School District**

**Dated: May \_\_, 2023**  
**Niagara County, New York**

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Steven Sabo  
President of Board of Education  
And Chief Fiscal Officer

**APPENDIX A**

**Financial Information**

## General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	Budget <u>2023</u>
Beginning Fund Balance - July 1	\$20,671,299	\$24,135,280	\$20,956,627	\$15,411,580	\$30,839,649	\$34,679,556 <sup>E</sup>
<b><u>Revenues:</u></b>						
Real Property Taxes	\$33,906,962	\$34,599,431	\$35,333,595	\$35,838,150	\$36,490,821	\$35,411,457
Other Tax Items	0	0	0	2,355,483	0	1,821,698
Charges for Services	2,578,180	2,394,678	2,261,854	0	1,208,986	1,707,000
Use of Money & Property	98,758	281,716	198,877	12,106	17,190	14,000
Sale of Property/Comp. for Loss	137,375	276,768	218,147	328,116	177,505	51,000
Miscellaneous	1,014,852	714,372	621,930	973,367	695,853	601,000
State Aid	32,376,493	33,795,406	33,420,968	49,773,925	40,388,469	39,518,781
Federal Aid	547,934	869,005	760,956	743,117	1,264,256	600,000
Interfund Transfer	<u>100,000</u>	<u>200,000</u>	<u>906,238</u>	<u>440,195</u>	<u>726,260</u>	<u>800,000</u>
Total Revenues	\$70,760,554	\$73,131,376	\$73,722,565	\$90,464,459	\$80,969,340	\$80,524,936
<b><u>Expenditures:</u></b>						
General Support	\$6,537,100	\$7,618,900	\$7,583,877	\$7,206,497	\$7,666,434	\$9,168,306
Instruction	34,892,370	37,775,300	38,222,035	40,253,986	41,938,314	45,847,314
Transportation	4,353,898	4,627,079	4,222,557	3,852,126	4,528,841	5,050,351
Community Service						60,800
Employee Benefits	13,725,319	15,928,367	16,231,100	16,760,662	16,613,326	19,195,559
Debt Service	0	0	0	0	30,176	0
Interfund Transfer	<u>7,787,886</u>	<u>6,247,771</u>	<u>13,008,043</u>	<u>6,963,119</u>	<u>6,352,342</u>	<u>6,157,184</u>
Total Expenditures	\$67,296,573	\$72,197,417	\$79,267,612	\$75,036,390	\$77,129,433	\$85,479,514
Adjustments	0	(4,112,612) <sup>2</sup>	0	0	0	0
Year End Fund Balance	\$24,135,280	\$20,956,627	\$15,411,580	\$30,839,649	\$34,679,556	\$29,724,978 <sup>E</sup>
Excess (Deficit) Revenues Over Expenditures	\$3,463,981	\$933,959	(\$5,545,047)	\$15,428,069	\$3,839,907	(4,954,578) <sup>1</sup>

Source: Audited Annual Financial Reports and Annual Budget. This table is NOT audited.

Note: 1. Appropriated fund balance and reserves planned to be used.

2. Adjustment due to Tuscarora School Fund Balance

E. Estimated

## General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Assets:</b>					
Cash and Cash Equivalents	\$7,313,437	\$5,293,885	\$6,119,652	\$10,022,972	\$4,165,159
Restricted Cash and Cash Equivalents	14,512,821	16,144,088	9,006,753	18,755,571	28,058,866
Accounts Receivable	186,201	29,249	1,201	0	203,183
Intergovernmental receivables - Tuscarora	3,843,620	7,789,481	0	439,844	413,009
Due from Other Funds	4,633,863	724,166	1,711,382	3,994,272	3,923,823
Due from Other Governments	<u>3,042,461</u>	<u>4,170,909</u>	<u>15,060,386</u>	<u>2,789,498</u>	<u>3,220,810</u>
<b>Total Assets</b>	<b><u>\$33,532,403</u></b>	<b><u>\$34,151,778</u></b>	<b><u>\$31,899,374</u></b>	<b><u>\$36,002,157</u></b>	<b><u>\$39,984,850</u></b>
<b>Liabilities:</b>					
Accounts Payable	\$240,098	\$458,571	\$121,491	\$41,552	\$16,303
Accrued Liabilities	185,730	228,133	256,972	888,498	920,154
Due to Other Funds	5,128,706	0	363,127	0	196,591
Due Retirement System	2,815,466	3,108,602	2,697,382	3,001,417	3,214,974
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>460,437</u>	<u>0</u>
<b>Total Liabilities:</b>	<b><u>\$8,370,000</u></b>	<b><u>\$3,795,306</u></b>	<b><u>\$3,438,972</u></b>	<b><u>\$4,391,904</u></b>	<b><u>\$4,348,022</u></b>
<b>Deferred Inflows of Resources:</b>					
State Aid Receivable	\$5,139,735	\$9,399,845	\$13,048,822	\$770,604	\$957,272
<b>Fund Balances:</b>					
Nonspendable	\$3,843,620	\$0	\$0	\$0	\$0
Restricted	\$14,490,258	\$16,133,524	\$8,998,939	\$18,027,307	\$28,073,417
Assigned	2,914,207	2,131,469	3,327,858	9,770,697	3,413,094
Unassigned	<u>-1,225,417</u>	<u>2,691,634</u>	<u>3,084,783</u>	<u>3,041,645</u>	<u>3,193,045</u>
<b>Total Fund Balance</b>	<b><u>\$20,022,668</u></b>	<b><u>\$20,956,627</u></b>	<b><u>\$15,411,580</u></b>	<b><u>\$30,839,649</u></b>	<b><u>\$34,679,556</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$33,532,403</u></b>	<b><u>\$34,151,778</u></b>	<b><u>\$31,899,374</u></b>	<b><u>\$36,002,157</u></b>	<b><u>\$39,984,850</u></b>

Source: Audited Annual Financial Reports. This table not audited.

## **APPENDIX B**

### **Audited Financial Statements For The Fiscal Year Ended June 30, 2022**

*Note: Such Financial Reports and opinions were prepared as of the date thereof and have not been reviewed and/or updated by the District's Auditors in connection with the preparation and dissemination of this official statement. Consent of the Auditors for inclusion of the Audited Financial Reports in this Official Statement has neither been requested nor obtained.*

**NIAGARA WHEATFIELD CENTRAL  
SCHOOL DISTRICT, NEW YORK**

*Basic Financial Statements, Required Supplementary  
Information, Supplementary Information and Federal  
Awards Information for the Year Ended  
June 30, 2022 and Independent Auditors' Reports*

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
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**Year Ended June 30, 2022**

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Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

The Board of Education  
Niagara Wheatfield Central School District, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Niagara Wheatfield Central School District, New York (the "District"), as of and for the year ended June 30, 2022, 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 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, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our 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.

#### ***Other Matter***

As discussed in Note 2 to the financial statements, during the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

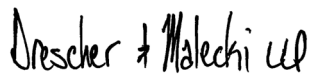
### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("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 auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2022 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.

  
October 5, 2022

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2021**

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As management of the Niagara Wheatfield Central School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2022 by \$114,085,114 (*net position*). This consists of \$70,646,643 net investment in capital assets, \$29,010,988 restricted for specific purposes and unrestricted net position of \$14,427,483.
- The District's net position increased by \$18,716,636 during the year ended June 30, 2022.
- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$26,449,534, a decrease of \$3,907,480 in comparison with prior year's fund balance of \$30,357,014.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$3,193,045, or 4.1 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the District's discretion and constitutes approximately 9.2 percent of the General Fund's total fund balance of \$34,679,556 at June 30, 2022.
- The District's total bonded indebtedness decreased by \$4,685,000 as a result of scheduled principal payments made during the year ended June 30, 2022.

**Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**—The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general support, instruction, pupil transportation, school food service, student activities, and interest and other fiscal charges. The District does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

**Fund financial statements**—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds**—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which includes the presentation of the Tuscarora Indian Education Fund, Special Aid Fund, School Lunch Fund, Special Revenue Fund, Student Activities Fund, Capital Projects Fund and Debt Service Fund, which are considered major funds.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-47 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District’s net pension liabilities/(assets), the changes in the District’s total other postemployment benefits (“OPEB”) obligation, and the District’s budgetary comparison for the General Fund. Required Supplementary Information and the related notes to the required supplementary information can be found on pages 48-55 of this report.

Supplementary information is presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 56-58.

Other information is presented immediately following the Supplementary Information section of this report on pages 59-60.

The Federal Awards Information section presents the District’s Schedule of Expenditures of Federal Awards. This section can be found on pages 61-70 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time may serve as useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$114,085,114 at June 30, 2022 as compared to \$95,368,478, as restated, at the close of the fiscal year ended June 30, 2021.

Table 1, shown below, presents the condensed statements of net position of the District at June 30, 2022 and June 30, 2021.

**Table 1—Condensed Statements of Net Position**

	June 30,	
	2022	2021 (as restated)
Current assets	\$ 54,196,678	\$ 51,818,688
Noncurrent assets	139,915,377	97,681,861
Total assets	<u>194,112,055</u>	<u>149,500,549</u>
Deferred outflows of resources	<u>20,766,626</u>	<u>20,943,791</u>
Current liabilities	26,890,223	19,184,402
Noncurrent liabilities	<u>27,484,661</u>	<u>36,398,925</u>
Total liabilities	<u>54,374,884</u>	<u>55,583,327</u>
Deferred inflows of resources	<u>46,418,683</u>	<u>19,492,535</u>
Net position:		
Net investment in capital assets	70,646,643	70,418,559
Restricted	29,010,988	10,718,969
Unrestricted	<u>14,427,483</u>	<u>14,230,950</u>
Total net position	<u>\$ 114,085,114</u>	<u>\$ 95,368,478</u>



The largest portion of the District’s net position, \$70,646,643, reflects its investment in capital assets (e.g. land, construction in progress, buildings and improvements, land improvements, and furniture, equipment, and vehicles, net of accumulated depreciation/amortization), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The next largest portion of the District’s net position, \$29,010,988, is considered unrestricted and represents resources that may be used to meet District’s ongoing operations.

The remaining balance of the District’s net position, \$14,427,483, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2022 and June 30, 2021:

**Table 2—Condensed Statements of Changes in Net Position**

	<u>Year Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Program revenues:		
Charges for services	\$ 1,558,778	\$ 2,481,530
Operating and capital grants and contributions	19,223,148	11,911,457
General revenues	<u>70,301,363</u>	<u>68,526,080</u>
Total revenues	<u>91,083,289</u>	<u>82,919,067</u>
Program expenses	<u>72,366,653</u>	<u>78,476,882</u>
Change in net position	18,716,636	4,442,185
Net position—beginning	95,368,478	90,764,713
Restatement	<u>-</u>	<u>161,580</u>
Net position—ending	<u>\$ 114,085,114</u>	<u>\$ 95,368,478</u>

Overall revenues increased by 9.8 percent from the prior year, due primarily to increases in operating and capital grants from federal funding related to the COVID-19 pandemic as well as increases in State sources. Total expenses decreased by 7.8 percent from the year ended June 30, 2022 primarily due to a decrease in allocable employee benefit expenses related to the District’s net pension liability/(asset).

A summary of sources of revenues for the years ended June 30, 2022 and June 30, 2021 is presented on the following page in Table 3.

**Table 3—Summary of Sources of Revenues**

	Year ended June 30,		Increase/(Decrease)	
	2022	2021	Dollars	Percent
Charges for services	\$ 1,558,778	\$ 2,481,530	\$ (922,752)	(37.2)
Operating grants and contributions	17,638,600	11,911,457	5,727,143	48.1
Capital grants and contributions	1,584,548	-	1,584,548	100.0
Real property taxes and other tax items	36,490,821	35,838,150	652,671	1.8
Use of money and property	20,984	16,912	4,072	24.1
Sale of property and compensation for loss	177,505	328,116	(150,611)	(45.9)
State sources—unrestricted	31,915,300	30,399,613	1,515,687	5.0
Miscellaneous	1,696,753	1,943,289	(246,536)	(12.7)
Total revenues	<u>\$ 91,083,289</u>	<u>\$ 82,919,067</u>	<u>\$ 8,164,222</u>	9.8

The most significant sources of revenue for the year ended June 30, 2022 were real property taxes and other tax items of \$36,490,821, or 40.1 percent of total revenues and unrestricted State sources of \$31,915,300, or 35.0 percent of total revenues. Similarly, for the year ended June 30, 2021 were real property taxes and other tax items of \$35,838,150, or 43.2 percent of total revenues and unrestricted State sources of \$30,399,613, or 36.7 percent of total revenues.

A summary of program expenses for the years ended June 30, 2022 and June 30, 2021 is presented below in Table 4:

**Table 4—Summary of Program Expenses**

	Year ended June 30,		Increase/(Decrease)	
	2022	2021	Dollars	Percent
General support	\$ 9,480,964	\$ 10,942,183	\$ (1,461,219)	(13.4)
Instruction	55,708,770	60,373,483	(4,664,713)	(7.7)
Pupil transportation	4,953,436	5,044,143	(90,707)	(1.8)
School food service	1,421,789	1,247,065	174,724	14.0
Student activities	144,674	84,707	59,967	70.8
Interest and other fiscal charges	657,020	785,301	(128,281)	(16.3)
Total program expenses	<u>\$ 72,366,653</u>	<u>\$ 78,476,882</u>	<u>\$ (6,110,229)</u>	(7.8)

The most significant expense items for the year ended June 30, 2022 were instruction of \$55,708,770, or 77.0 percent of total expenses, general support of \$9,480,964, or 13.1 percent of total expenses, and pupil transportation of \$4,953,436, or 6.8 percent of total expenditures. Similarly, for the year ended June 30, 2021 were instruction of \$60,373,483, or 76.9 percent of total expenses, general support of \$10,942,183, or 13.9 percent of total expenses, and pupil transportation of \$5,044,143, or 6.4 percent of total expenditures

## Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**—The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, *unassigned fund balance* and *fund balance assigned to specific use* may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

As of June 30, 2022, the District’s governmental funds reported combined ending fund balances of \$26,449,534, a decrease of \$3,907,480 from the prior year. Excluding the Capital Projects Fund fund balance deficit of \$15,825,176, the District’s governmental funds combined ending fund balance totaled \$42,274,710. Approximately 7.6 percent, or \$3,193,045, of this amount constitutes *unassigned fund balance* which is available for spending at the District’s discretion. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is: (1) not in spendable form, \$10,574, (2) restricted for particular purposes, \$29,607,854, or (3) assigned for particular purposes, \$9,463,237.

The General Fund is the chief operating fund of the District. The General Fund includes the General Fund of the Tuscarora School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,193,045, while the total fund balance increased to \$34,679,556. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 4.1 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 45.0 percent of that same amount.

Excluding the General Fund of the Tuscarora School, the total fund balance of the District’s General Fund increased by \$3,732,513 during the current fiscal year. During the year ended June 30, 2022, the District anticipated utilizing \$3,645,167 of fund balance including \$1,410,510 from the re-appropriation of prior year’s encumbrances and \$2,234,657 appropriated during the budget process. Due to larger than expected revenues from federal aid, coupled with budgetary savings related to employee benefits, pupil transportation, and instruction expenditures, the District’s General Fund fund balance ended \$7,377,680 higher than expected.

Special Aid Fund expenditures for the year ended June 30, 2022 amounted to \$5,752,956 supported mainly by State and Federal Aid. Instruction expenditures increased in the current year based on the amount of aid received. During the year ending June 30, 2022, the General Fund transferred \$111,627 to the Special Aid Fund to cover additional costs.

The School Lunch Fund total fund balance is \$628,189, as of June 30, 2022, of which \$10,574 is considered nonspendable and \$617,615 is assigned for specific use. The fund balance of the District’s School Lunch Fund increased by \$624,756 in the current fiscal year due to revenues and transfers in exceeding costs of sales and employee benefits.

The Special Revenue fund reports a fund balance of \$5,432,528, an increase of \$601,762 from the prior year. The increase in fund balance is due recognition of Host Community Funds revenues.

At June 30, 2022, the District’s Capital Projects Fund reports a fund balance of \$(15,825,176), a decrease of \$8,665,731 from the prior year due to ongoing capital projects financed by bond anticipation notes.

At June 30, 2022, the District's Debt Service Fund reports a fund balance of \$1,431,433, a decrease of \$316,875 from the prior year due to expenditures and transfers out exceeding revenues, other financing sources, and transfers in. This total fund balance is classified as restricted for future debt service payments.

### General Fund Budgetary Highlights

The District's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the District has appropriately assigned an equal amount of fund balance at year-end for this purpose. A summary of revisions from adopted budget to final budget is presented below in Table 5:

**Table 5—General Fund Budget**

Adopted budget 2021-2022	\$ 79,222,507
Add: Prior year's encumbrances	<u>1,410,510</u>
Original budget 2021-2022	80,633,017
Budget revisions:	
Donations	<u>2,278</u>
Final budget 2021-2022	<u>\$ 80,635,295</u>

More detailed information about the District's General Fund budget is presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual—General Fund within the Required Supplementary Information section of this report.

### Capital Assets and Debt Administration

**Capital assets**—The District's investment in capital assets for its governmental activities as of June 30, 2022, amounted to \$108,557,578 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, furniture, equipment and vehicles, and right-to-use leased assets.

All depreciable capital assets were depreciated/amortized from acquisition date to the end of the current year as outlined in the District's capital asset policy.

Capital assets, net of depreciation/amortization for the governmental activities at the years ended June 30, 2022 and June 30, 2021 are presented below in Table 6:

**Table 6—Summary of Capital Assets (Net of Accumulated Depreciation/Amortization)**

	June 30,	
	2022	2021 (as restated)
Land	\$ 849,415	\$ 900,115
Construction in progress	17,606,408	15,735,494
Buildings and improvements	84,986,619	72,607,822
Land improvements	1,421,025	2,440,786
Furniture, equipment and vehicles	3,250,936	5,735,769
Right-to-use leased assets	<u>443,175</u>	<u>261,875</u>
Total	<u>\$ 108,557,578</u>	<u>\$ 97,681,861</u>

Additional information on the District’s capital assets can be found in Note 5 to the financial statements.

**Long-term liabilities**—At June 30, 2022, the District had serial bonds outstanding of \$14,515,000, as compared to \$19,200,000 in the prior year. During the year ended June 30, 2022, the District made scheduled principal payments of \$4,685,000.

A summary of the District’s long-term liabilities at June 30, 2022 and June 30, 2021 is presented below in Table 7:

**Table 7—Summary of Long-Term Liabilities**

	June 30,	
	2022	2021 (as restated)
Serial bonds	\$ 14,515,000	\$ 19,200,000
Premium on serial bonds	571,520	726,421
Bonds payable, net	15,086,520	19,926,421
Energy performance contract	2,210,530	2,346,476
Lease liability	201,628	100,295
Compensated absences	7,451,906	7,184,262
Workers' compensation	2,534,077	2,581,613
Net pension liability	-	4,259,858
Total	<u>\$ 27,484,661</u>	<u>\$ 36,398,925</u>

Additional information on the District’s long-term liabilities can be found in Note 12 to the financial statements.

**Economic Factors and Next Year’s Budgets and Rates**

The unemployment rate, not seasonally adjusted, for the region at June 30, 2022 was 5.3 percent. This compares to New York State’s average unemployment rate of 4.4 percent. These factors are considered in preparing the District’s budget.

During the current fiscal year, the District appropriated \$2,004,309 of the General Fund’s fund balance for spending in the District’s 2022-2023 fiscal year budget. The 2022-2023 adopted budget appropriations total of \$79,826,137 is an approximate increase of 0.8 percent as compared to \$79,222,507 in 2021-2022. The District’s total budgeted tax levy, including the amount for School Tax Assessment Relief (“STAR”), in 2021-2022 is \$35,411,457, which is an approximate increase of 2.0 percent as compared to \$34,720,519 levied during the 2021-2022 year.

**Requests for Information**

This financial report is designed to provide our community, taxpayers, creditors and investors with a general overview of the District’s finances and to show the District’s accountability. If you have any questions about this report or need additional financial information, contact Mrs. Allison Davis, District Business Manager, Niagara Wheatfield Central School District, 5700 West Street, Sanborn, NY 14132

# BASIC FINANCIAL STATEMENTS

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**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,597,687
Restricted cash and cash equivalents	37,479,048
Receivables	204,083
Intergovernmental receivables	6,905,286
Inventories	10,574
Other noncurrent asset	1,967,613
Net pension asset	29,390,186
Capital assets not being depreciated	18,455,823
Capital assets, net of accumulated depreciation	90,101,755
Total assets	194,112,055
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows—relating to pension plans	19,825,480
Deferred outflows—relating to OPEB	935,269
Deferred charges on debt refunding	5,877
Total deferred outflows of resources	20,766,626
<b>LIABILITIES</b>	
Accounts payable	922,625
Accrued liabilities	1,062,818
Intergovernmental payables	22
Due to retirement systems	3,214,974
Unearned revenue	674,784
Bond anticipation notes payable	21,015,000
Noncurrent liabilities:	
Due within one year	2,782,318
Due within more than one year	24,702,343
Total liabilities	54,374,884
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows—relating to pension plans	37,291,406
Deferred inflows—relating to OPEB	9,127,277
Total deferred inflows of resources	46,418,683
<b>NET POSITION</b>	
Net investment in capital assets	70,646,643
Restricted:	
Workers' compensation	1,689,438
Employee benefits	931,658
Retirement contribution	3,401,200
Capital projects	16,818,664
Transportation	4,735,424
Tax certiorari	250,000
Unemployment	100,000
Debt service	834,567
Student activities	103,004
Tuscarora School	147,033
Unrestricted	14,427,483
Total net position	\$ 114,085,114

The notes to the financial statements are an integral part of this statement.



**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Activities**  
**Year Ended June 30, 2022**

<b>Function/Program</b>	<b>Expense</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Revenue and Changes in Net Position</b>
					<b>Primary Governmental Activities</b>
Governmental activities:					
General support	\$ 9,480,964	\$ -	\$ 2,103,914	\$ -	\$ (7,377,050)
Instruction	55,708,770	1,208,986	12,362,294	1,584,548	(40,552,942)
Pupil transportation	4,953,436	-	1,099,214	-	(3,854,222)
School food service	1,421,789	196,417	2,073,178	-	847,806
Student activities	144,674	153,375	-	-	8,701
Interest and other fiscal charges	657,020	-	-	-	(657,020)
Total primary government	<u>\$ 72,366,653</u>	<u>\$ 1,558,778</u>	<u>\$ 17,638,600</u>	<u>\$ 1,584,548</u>	<u>(51,584,727)</u>
General revenues:					
					36,490,821
					20,984
					177,505
					31,915,300
					1,696,753
					<u>70,301,363</u>
					18,716,636
					95,368,478
					<u>\$ 114,085,114</u>

The notes to the financial statements are an integral part of this statement.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**June 30, 2022**

	General Fund	Special Revenue					Debt Service	Total Governmental Funds
		Special Aid	School Lunch	Special Revenue	Student Activities	Capital Projects		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,165,159	\$ -	\$ -	\$ 5,432,528	\$ -	\$ -	\$ -	\$ 9,597,687
Restricted cash and cash equivalents	28,058,866	11,486	25,312	600,000	122,109	7,229,842	1,431,433	37,479,048
Receivables	203,183	900	-	-	-	-	-	204,083
Due from other funds	3,923,823	4,208	193,034	-	-	-	-	4,121,065
Intergovernmental receivables	3,220,810	2,827,899	443,568	-	-	-	-	6,492,277
Restricted intergovernmental receivables—Tuscarora	413,009	-	-	-	-	-	-	413,009
Inventories	-	-	10,574	-	-	-	-	10,574
<b>Total assets</b>	<b>\$ 39,984,850</b>	<b>\$ 2,844,493</b>	<b>\$ 672,488</b>	<b>\$ 6,032,528</b>	<b>\$ 122,109</b>	<b>\$ 7,229,842</b>	<b>\$ 1,431,433</b>	<b>\$ 58,317,743</b>
<b>LIABILITIES</b>								
Accounts payable	\$ 16,303	\$ 864	\$ -	\$ -	\$ 19,105	\$ 886,353	\$ -	\$ 922,625
Accrued liabilities	920,154	31,971	10,342	-	-	-	-	962,467
Due to other funds	196,591	2,755,177	15,632	-	-	1,153,665	-	4,121,065
Due to retirement systems	3,214,974	-	-	-	-	-	-	3,214,974
Intergovernmental payables	-	-	22	-	-	-	-	22
Unearned revenue	-	56,481	18,303	600,000	-	-	-	674,784
Bond anticipation notes payable	-	-	-	-	-	21,015,000	-	21,015,000
<b>Total liabilities</b>	<b>4,348,022</b>	<b>2,844,493</b>	<b>44,299</b>	<b>600,000</b>	<b>19,105</b>	<b>23,055,018</b>	<b>-</b>	<b>30,910,937</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues—State aid receivable	957,272	-	-	-	-	-	-	957,272
<b>Total deferred inflows of resources</b>	<b>957,272</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>957,272</b>
<b>FUND BALANCES (DEFICIT)</b>								
Nonspendable	-	-	10,574	-	-	-	-	10,574
Restricted	28,073,417	-	-	-	103,004	-	1,431,433	29,607,854
Assigned	3,413,094	-	617,615	5,432,528	-	-	-	9,463,237
Unassigned	3,193,045	-	-	-	-	(15,825,176)	-	(12,632,131)
<b>Total fund balances (deficit)</b>	<b>34,679,556</b>	<b>-</b>	<b>628,189</b>	<b>5,432,528</b>	<b>103,004</b>	<b>(15,825,176)</b>	<b>1,431,433</b>	<b>26,449,534</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<b>\$ 39,984,850</b>	<b>\$ 2,844,493</b>	<b>\$ 672,488</b>	<b>\$ 6,032,528</b>	<b>\$ 122,109</b>	<b>\$ 7,229,842</b>	<b>\$ 1,431,433</b>	<b>\$ 58,317,743</b>

The notes to the financial statements are an integral part of this statement.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of the Balance Sheet—Governmental Funds**  
**to the Government-wide Statement of Net Position**  
**June 30, 2022**

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Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances (deficit)—governmental funds (page 14)		\$ 26,449,534
Net pension and other long-term assets are not current financial resources and, therefore, are not reported in the fund statements.		31,357,799
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$150,865,017 and the accumulated depreciation/amortization is \$42,307,439.		108,557,578
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 3,067,095	
Deferred outflows related to experience, changes in assumptions, proportion, and investment earnings	16,758,385	
Deferred inflows of resources related to pension plans	<u>(37,291,406)</u>	(17,465,926)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to benefit payments	\$ 935,269	
Deferred inflows related to experience and changes of assumptions	<u>(9,127,277)</u>	(8,192,008)
Other long-term assets are not available to pay for current period expenditures and, therefore, are recorded as deferred inflows of resources in the fund statements but are considered government-wide revenues:		
Tuscarora Indian School operations	\$ 413,009	
Tuscarora tuition reimbursement	<u>544,263</u>	957,272
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the refunded debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements.		5,877
Net accrued interest expense for serial bonds is not reported in the fund statements.		(100,351)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (14,515,000)	
Premiums on serial bonds	(571,520)	
Energy performance contract	(2,210,530)	
Lease liability	(201,628)	
Compensated absences	(7,451,906)	
Workers' compensation	<u>(2,534,077)</u>	<u>(27,484,661)</u>
Net position of governmental activities		<u>\$ 114,085,114</u>

The notes to the financial statements are an integral part of this statement.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)—Governmental Funds**  
**Year Ended June 30, 2022**

	Special Revenue						Total Governmental Funds	
	General Fund	Special Aid	School Lunch	Special Revenue	Student Activities	Capital Projects		Debt Service
<b>REVENUES</b>								
Real property taxes and other tax items	\$ 36,490,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,490,821
Charges for services	1,208,986	-	-	-	-	-	-	1,208,986
Use of money and property	17,190	-	9	1,761	-	-	2,024	20,984
Sale of property and compensation for loss	177,505	-	-	-	-	-	-	177,505
Miscellaneous	695,853	-	165	771,037	-	-	229,698	1,696,753
State sources	40,388,469	1,480,528	39,288	-	-	1,584,548	-	43,492,833
Federal sources	1,264,256	4,160,801	2,033,890	-	-	-	-	7,458,947
Sales - food service	-	-	196,417	-	-	-	-	196,417
Student activity collections	-	-	-	-	153,375	-	-	153,375
Total revenues	<u>80,243,080</u>	<u>5,641,329</u>	<u>2,269,769</u>	<u>772,798</u>	<u>153,375</u>	<u>1,584,548</u>	<u>231,722</u>	<u>90,896,621</u>
<b>EXPENDITURES</b>								
Current:								
General support	7,666,434	388,653	-	-	-	-	-	8,055,087
Instruction	41,938,314	4,639,109	-	171,036	-	-	-	46,748,459
Pupil transportation	4,528,841	196,574	-	-	-	-	-	4,725,415
Employee benefits	16,613,326	528,620	308,404	-	-	-	-	17,450,350
Cost of sales (school lunch)	-	-	1,421,789	-	-	-	-	1,421,789
Student activities	-	-	-	-	144,674	-	-	144,674
Debt service:								
Principal	30,176	-	-	-	-	-	4,820,946	4,851,122
Interest and other fiscal charges	-	-	-	-	-	-	838,186	838,186
Capital outlay	-	-	-	-	-	10,700,528	-	10,700,528
Total expenditures	<u>70,777,091</u>	<u>5,752,956</u>	<u>1,730,193</u>	<u>171,036</u>	<u>144,674</u>	<u>10,700,528</u>	<u>5,659,132</u>	<u>94,935,610</u>
Excess (deficiency) of revenues over expenditures	<u>9,465,989</u>	<u>(111,627)</u>	<u>539,576</u>	<u>601,762</u>	<u>8,701</u>	<u>(9,115,980)</u>	<u>(5,427,410)</u>	<u>(4,038,989)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	594,751	111,627	85,180	-	-	645,000	5,510,535	6,947,093
Transfers out	(6,352,342)	-	-	-	-	(194,751)	(400,000)	(6,947,093)
Lease issued	131,509	-	-	-	-	-	-	131,509
Total other financing sources (uses)	<u>(5,626,082)</u>	<u>111,627</u>	<u>85,180</u>	<u>-</u>	<u>-</u>	<u>450,249</u>	<u>5,110,535</u>	<u>131,509</u>
Net change in fund balances (deficit)	3,839,907	-	624,756	601,762	8,701	(8,665,731)	(316,875)	(3,907,480)
Fund balances (deficit)—beginning	30,839,649	-	3,433	4,830,766	94,303	(7,159,445)	1,748,308	30,357,014
Fund balances (deficit)—ending	<u>\$ 34,679,556</u>	<u>\$ -</u>	<u>\$ 628,189</u>	<u>\$ 5,432,528</u>	<u>\$ 103,004</u>	<u>\$ (15,825,176)</u>	<u>\$ 1,431,433</u>	<u>\$ 26,449,534</u>

The notes to the financial statements are an integral part of this statement.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities**  
**Year Ended June 30, 2022**

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances (deficit)—total governmental funds (page 16) \$ (3,907,480)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.

Capital asset additions	\$ 19,399,381	
Loss on disposition of assets	(2,877,526)	
Depreciation/amortization expense	<u>(5,646,138)</u>	10,875,717

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

District pension contributions	\$ 3,627,456	
Employee contributions net of benefits earned	<u>1,745,665</u>	5,373,121

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization. 751,237

Certain revenue in the governmental funds is deferred or not recognized because it is not available soon enough after year end to pay for the current period's expenditures. On the accrual basis, however, this is recognized regardless of when it is collected. 186,668

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 64,329

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of serial bonds	\$ 4,685,000	
Amortization of premiums on serial bonds	154,901	
Amortization of deferred charge on refunding	(38,064)	
Repayment of energy performance contract	135,946	
Lease issued	(131,509)	
Repayment of lease liability	30,176	
Change in compensated absences	(267,644)	
Change in workers' compensation	47,536	
Change in other postemployment benefits asset	<u>756,702</u>	<u>5,373,044</u>

Change in net position of governmental activities \$ 18,716,636

The notes to the financial statements are an integral part of this statement.

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**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Niagara Wheatfield Central School District, New York (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

***Description of Government-wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from the legally separate *component units* for which the primary government is financially accountable. The District reports no business-type activities or discretely presented component units.

***Reporting Entity***

The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Support services such as transportation of pupils, food service, administration, finance, and plant maintenance are also included.

The financial reporting entity includes all funds, functions and organizations over which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

***Blended Component Unit***—The District reports the Tuscarora Indian Education Fund (the “School”) as a blended component unit of the District. The School was established to provide elementary education for grades K through 8 for residents and members of the Tuscarora Indian Reservation located within the District’s boundaries. Separate financial statements are available from the District’s business office.

Inclusion in the financial statements is based primarily on the concept of financial accountability as defined in GASB. Financial accountability is determined on the basis of fiscal dependency, ability to impose the District's will or potential for the component unit to provide specific financial benefits to, or to impose specific financial burdens on, the District. The Board of Education together with certain members of the Tuscarora Indian Nation have primary fiscal responsibility for the School. The School's budget is prepared by the District and subsequently approved by the New York State Native American Unit. All funds appropriated for the School are passed through the District. All employees serving the School are employees of the District and allocations are made from the District to the School for these services.

The General Fund of the School and School Lunch funds have been blended into the corresponding funds of the District. All eliminations for related activity between the District and the School have been made.

***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; however, since the District has administrative involvement with these funds they are reported within the District's Student Activities Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office.

***Joint Venture***—The District is one of 13 participating school districts in the Orleans-Niagara Board of Cooperative Educational Services ("BOCES"). Formed under Section 1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the member of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES' budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES. As of June 30, 2022, there was no such debt issued by the District.

During the year ended June 30, 2022, the District expended \$8,128,698 to Orleans-Niagara BOCES for administrative and program services provided by BOCES. Audited financial statements are available from Orleans-Niagara BOCES administrative offices.



### ***Basis of Presentation – Government-wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the District's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### ***Basis of Presentation – Fund Financial Statements***

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All of the District's funds are considered major funds.

The District reports the following major governmental funds:

- *General Fund*—This fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property taxes and state sources. The General Fund includes the General Fund of the Tuscarora School. This is the primary operating fund of the blended component unit and accounts for all financial resources of the School except those required to be accounted for in another fund.
- *Special Aid Fund*—This fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.
- *School Lunch Fund*—This fund is used to account for transactions of the District's food service operations.
- *Special Revenue Fund*—This fund is used to account for other revenues that are legally restricted to expenditures for specific purposes. The District entered into an agreement with the Power Authority of the State of New York (the "Authority") as part of its renewal of the Authority's licensing agreement. The agreement provides the District an allocation of low cost electricity generated at the Niagara Power Project. The District then enters into a resale agreement with an energy provider to sell excess electricity. This fund was created to control the transactions of this agreement.
- *Student Activities Fund*—The Student Activities Fund is used to account for extraclassroom transactions, which represents funds of the students of the District. The District exercises administrative involvement with these funds.
- *Capital Projects Fund*—This fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.
- *Debt Service Fund*—This fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

### ***Measurement Focus and Basis of Accounting***

The 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 government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, non-property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability within 90 days of year-end. All other revenue items are considered to be measurable and available only when cash is received by the District.

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance***

***Cash, Cash Equivalents and Investments***—The District’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the District’s investment policies. Permissible investments include obligations of the United States Treasury, United States government agencies, repurchase agreements and obligations of New York State or its localities. The District has no investments at June 30, 2022; however, when the District does have investments they are recorded at fair value in accordance with GASB.

***Restricted Cash and Cash Equivalents***—Restricted cash and cash equivalents represent unspent proceeds of debt, the Tuscarora Indian Education Fund cash, amounts to support restricted fund balances, amounts restricted for capital projects and debt service, and unearned revenue.

***Receivables***—Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance or uncollectible accounts has been provided since it is believed that such allowance would not be material.

***Inventories***—Inventories of food and/or supplies 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 inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

***Noncurrent asset***—The District reports a noncurrent asset related to other post-employment benefits provided totaling \$1,967,613, which is not reported in the funds. Further information regarding this noncurrent asset can be found in Note 7.

***Capital Assets***—Capital assets, which include land, construction in progress, buildings and improvements, land improvements, and furniture, equipment and vehicles, and right-to-use lease assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than an established threshold of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are completed. Right-to-use leased assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs and are amortized on a straight line basis over their useful lives.

Land and construction in progress are not depreciated. The other property, plant, equipment, infrastructure, and right-to-use leased assets of the primary government are depreciated/amortized using the straight line method over the estimated useful lives presented on the following page.

Assets	Capitalization Threshold	Estimated Useful Life
Land	\$ 1	N/A
Buildings	5,000	50
Land improvements	5,000	50
Furniture and equipment	5,000	5-15
Right-to-use leased assets	5,000	10

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new school bus included as part of *expenditures—pupil transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

***Deferred Outflows/Inflows of Resources***—In addition to assets, the statement of financial 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2022, the District has three items that qualify for reporting in this category. The first item, related to pension plans, is reported in the government-wide financial statements. This represents the effect of the net change in the District’s proportion of the collective net pension liability/(asset), the difference during the measurement periods between the District’s contributions, its proportionate share of total contribution to the pension systems not included in pension expense, and any contributions to the pension systems subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and reflects the effects of the change in the District’s proportion of the collective OPEB liability/(asset) and difference during the measurement period between certain employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability/(asset). The third item is a deferred charge on refunding which the District reports within its governmental activities. 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.

In addition to liabilities, the statement of financial 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. At June 30, 2022, the District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District’s proportion of the collective net pension liability/(asset) and the 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 and is reported on the government-wide financial statements. The second item represents the effects of the change in the District’s proportion of the collective OPEB liability/(asset) and difference during the measurement period between certain employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability/(asset) and is reported on the government-wide financial statements. The final item is deferred inflows for state aid receivable of \$957,272 within its fund financial statements. As the District is not able to determine when these funds will be received, they are currently classified as deferred inflows and will subsequently be recognized as revenue once they meet the proper recognition criteria.

***Net Position Flow Assumptions***—Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

***Fund Balance Flow Assumptions***—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund Balance Policies***—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as committed. The Board of Education may assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### ***Revenues and Expenditures/Expenses***

***Program Revenues***—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property Taxes***—The District levies real property taxes no later than September 1. For the year ended June 30, 2022, the tax lien was issued July 27, 2022 for collection from September 1 through October 31, 2022. Thereafter, uncollected amounts became the responsibility of Niagara County. Such amounts are submitted to the District by April 1 of the following year as required by law.

Tax payments are due September 1 through September 30 without penalty; October 1 through October 31 with a two percent penalty.

The tax roll is returned to the Niagara County Treasurer after November 5 at which time all unpaid taxes and penalties are payable to that office. The District retains their full tax levies for all unpaid items are returned to the County. Thus, the District is assured of receiving 100% of its tax levy. The County enforces all liens.

***Unearned Revenue***—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At June 30, 2022, the District reported \$56,841 of unearned revenues in the Special Aid Fund. The District received grant funding in advance but has not yet spent the funds and therefore recognizes a liability. The District reported \$18,303 of unearned revenues in the School Lunch Fund. The District received school lunch money in advance but has not performed the services and therefore recognizes a liability. Finally, the District reported \$600,000 of unearned revenues in the Special Revenue Fund related to funding received in advance that has not yet been spent.

***Compensated Absences***—The District labor agreements and District rules and regulations provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

***Pension Plans***—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

***Other Postemployment Benefits***—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees as discussed in Note 8.

#### ***Other***

***Estimates***—The preparation of the financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows/deferred inflows, and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Adoption of New Accounting Pronouncements**—During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*; No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR, which replaces the acronym for comprehensive annual financial report. Other than the matter discussed in Note 2, the implementation of GASB Statements No. 87, 89, 91, and 98 did not have a material impact on the District’s financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—The District has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*, effective for the year ending June 30, 2023, and the remainder of No. 99, *Omnibus 2022*; and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ending June 30, 2024, and No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. The District is, therefore, unable to disclose the impact that adopting GASB Statements No. 94, 96, 99, 100, and 101 will have on its financial position and results of operations when such statements are adopted.

**Deficit Fund Balance**—The Capital Projects Fund has a deficit fund balance at June 30, 2022 totaling \$15,825,176. The deficit exists because the District issued bond anticipation notes (“BANs”), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an other financing source on the statement of revenues, expenses, and fund balances.) When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs or retire the BANs.

## 2. RESTATEMENT OF FUND BALANCE AND NET POSITION

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*, as a result of the implementation the District’s capital assets and long-term liabilities were restated at June 30, 2021. Accordingly, net position has been restated from \$95,206,898 to \$95,368,478.

### 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District’s investment policies are governed by New York State statutes. District monies must be deposited in FDIC-Insured commercial banks or trust companies located within New York State. The District’s Business Manager is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash and cash equivalents reported by the District at June 30, 2022 are as follows:

	Governmental Funds
Deposits	<u>\$ 47,076,735</u>

**Deposits**—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2022 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 879,370	\$ 872,109
Uninsured:		
Collateral held by pledging bank's agent in the District's name	<u>49,264,014</u>	<u>46,204,626</u>
Total	<u>\$ 50,143,384</u>	<u>\$ 47,076,735</u>

**Custodial Credit Risk—Deposits**—Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2022, the District’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the District’s name.

**Restricted Cash and Cash Equivalents**—The District reports unspent proceeds of debt, the Tuscarora Indian Education Fund cash, amounts to support restricted fund balances, amounts restricted for capital projects and debt service, and unearned revenue as restricted cash and cash equivalents. At June 30, 2022, the District reported \$37,479,048 of restricted cash within its governmental funds.

**Investments**—The District had no investments at June 30, 2022.

**Interest Rate Risk**—In accordance with its investment policy, the District manages exposures by limiting investments to low risk type investments governed by New York State statutes.



#### 4. RECEIVABLES

Revenues accrued by the District at June 30, 2022 consisted of the following:

**Receivables**—Represents amounts due from various sources for commissions, reimbursements, and other services provided. The District reports amounts of \$203,183 and \$900 in the General Fund and Special Aid Fund, respectively, at June 30, 2022.

**Intergovernmental Receivables**—Represents amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2022 are presented as follows:

General Fund:

New York State Tuscarora tuition 21-22	\$	544,263	
New York State excess cost aid		665,904	
Education Stabilization Fund — ESSER		401,851	
Education Stabilization Fund — GEER		68,022	
BOCES aid		1,443,370	
Foster students tuition and CSE costs		<u>97,400</u>	\$ 3,220,810

Special Aid Fund:

Federal Title I Grants to Local Educational Agencies	\$	463,989	
Education Stabilization Fund — ESSER		428,724	
Education Stabilization Fund — ARP ESSER		981,748	
New York State summer school		279,528	
New York State Special Education - Grants to States		104,729	
New York State Tuscarora elementary supplemental		81,815	
New York State Tuscarora secondary supplemental		76,435	
New York State teacher training		20,728	
Universal Pre-K		237,943	
Bilingual Education		27,430	
St. Mary's School for the Deaf		112,947	
My Brother's Keeper		<u>11,883</u>	2,827,899

School Lunch Fund:

New York State aid	\$	12,984	
Federal Aid		<u>430,584</u>	<u>443,568</u>
Total governmental funds			<u>\$ 6,492,277</u>

**Restricted Intergovernmental Receivables**—Represents amounts due from New York State for Tuscarora 2021-2022 operating aid that are considered to be restricted for the purposes of the Tuscarora School. Restricted intergovernmental receivables at June 30, 2022 total \$413,009.

## 5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2022 was as follows:

	Balance 7/1/2021 <u>(as restated)</u>	Increases and <u>Reclassifications</u>	Decreases and <u>Reclassifications</u>	Balance 6/30/2022
Capital assets, not being depreciated/amortized:				
Land	\$ 900,115	\$ -	\$ 50,700	\$ 849,415
Construction in progress	<u>15,735,494</u>	<u>10,700,532</u>	<u>8,829,618</u>	<u>17,606,408</u>
Total capital assets, not being depreciated/amortized	<u>16,635,609</u>	<u>10,700,532</u>	<u>8,880,318</u>	<u>18,455,823</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	102,207,533	16,232,202	-	118,439,735
Land improvements	5,787,398	-	3,415,861	2,371,537
Furniture, equipment and vehicles	12,797,252	1,080,065	2,924,895	10,952,422
Right-to-use leased assets	<u>378,600</u>	<u>266,900</u>	<u>-</u>	<u>645,500</u>
Total capital assets, being depreciated/amortized	<u>121,170,783</u>	<u>17,579,167</u>	<u>6,340,756</u>	<u>132,409,194</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	29,599,711	3,853,405	-	33,453,116
Land improvements	3,346,612	102,570	2,498,670	950,512
Furniture, equipment and vehicles	7,061,483	1,604,563	964,560	7,701,486
Right-to-use leased assets	<u>116,725</u>	<u>85,600</u>	<u>-</u>	<u>202,325</u>
Total accumulated depreciation/amortization	<u>40,124,531</u>	<u>5,646,138</u>	<u>3,463,230</u>	<u>42,307,439</u>
Total capital assets being depreciated/amortized, net	<u>81,046,252</u>	<u>11,933,029</u>	<u>2,877,526</u>	<u>90,101,755</u>
Governmental activities capital assets, net	<u>\$ 97,681,861</u>	<u>\$ 22,633,561</u>	<u>\$ 11,757,844</u>	<u>\$ 108,557,578</u>

Depreciation/amortization expense was charged to the functions and programs of governmental activities as follows:

General support	\$ 439,211
Instruction	3,952,905
Pupil transportation	<u>1,254,022</u>
Total	<u>\$ 5,646,138</u>

## 6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2022, were as follows:

	General Fund	Special Aid Fund	School Lunch Fund	Total Governmental Funds
Salary and employee benefits	<u>\$ 920,154</u>	<u>\$ 31,971</u>	<u>\$ 10,342</u>	<u>\$ 962,467</u>

## 7. PENSION PLANS

The District participates in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution retirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

### *Plan Descriptions and Benefits Provided*

***Teachers' Retirement System***—TRS 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. TRS is governed by a 10 member Board of Trustees. TRS 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 TRS, 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 TRS, 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 NYSTRS Annual Comprehensive Financial Report which can be found at the TRS website at [www.nystrs.org](http://www.nystrs.org).

***Employees' Retirement System***—ERS provides retirement benefits as well as death and disability benefits. The net position of ERS 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 ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in ERS, 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. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3.0%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3.0%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

***Pension Liability/(asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***—At June 30, 2022, the District reported the following assets for its proportionate share of the net pension (asset) for each of the Systems. The net pension (asset) was measured as of June 30, 2021 for TRS and March 31, 2022 for ERS. The total pension liability used to calculate the net pension (asset) was determined by actuarial valuations as of June 30, 2020 and April 1, 2021, respectively, with update procedures used to rollforward the total pension (asset) to the measurement dates. The District’s proportion of the net pension (asset) 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 TRS and ERS Systems in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2021	March 31, 2022
Net pension liability/(asset)	\$ (27,564,649)	\$ (1,825,537)
District's portion of the Plan's total net pension liability/(asset)	0.159066%	0.0223319%

For the year ended June 30, 2022, the District recognized pension expense (income) of \$(1,649,990) and \$344,438 for TRS and ERS, respectively. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from sources below:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Difference between expected and actual experiences	\$ 3,799,494	\$ 138,250	\$ 143,210	\$ 179,319.00
Changes of assumptions	9,066,589	3,046,616	1,605,559	51,408
Net difference between projected and actual earnings on pension plan investments	-	-	28,849,257	5,977,868
Changes in proportion and differences between the District's contributions and proportionate share of contributions	53,331	654,105	358,613	126,172
District contributions subsequent to the measurement date	<u>2,826,605</u>	<u>240,490</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 15,746,019</u>	<u>\$ 4,079,461</u>	<u>\$ 30,956,639</u>	<u>\$ 6,334,767</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2023	\$ (7,877,215)	\$ (247,055)
2024	(5,340,687)	(521,345)
2025	(6,991,960)	(1,460,940)
2026	1,278,195	(266,456)
Thereafter	894,442	-

**Actuarial Assumptions**—The total pension liability as of the measurement dates were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liability to the respective measurement dates. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
Interest rate	6.95%	5.90%
Salary scale	1.95%-5.18%	4.40%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2020
Inflation rates	2.40%	2.70%
Cost-of-living adjustments	1.30%	1.40%

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2020, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2020.

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

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

Measurement date	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
			June 30, 2021	March 31, 2022
Asset class:				
Domestic equities	33.0 %	32.0 %	6.8 %	3.3 %
International equities	16.0	15.0	7.6	5.9
Global equities	4.0	0.0	7.1	0.0
Private equity	8.0	10.0	10.0	6.5
Real estate	11.0	9.0	6.5	5.0
Opportunistic/Absolute return strategies	0.0	3.0	0.0	4.1
Credit	0.0	4.0	0.0	3.8
Domestic fixed income securities	16.0	0.0	1.3	0.0
Global bonds	2.0	0.0	0.8	0.0
High-yield bonds	1.0	0.0	3.8	0.0
Private debt	1.0	0.0	5.9	0.0
Real assets	0.0	3.0	0.0	5.6
Real estate debt	7.0	0.0	3.3	0.0
Fixed income	0.0	23.0	0.0	0.0
Cash	1.0	1.0	(0.2)	(1.0)
Total	100.0 %	100.0 %		

**Discount Rate**—The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.90% for ERS. 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 the Net Pension Liability/(Asset) to the Discount Rate Assumption**—The chart below presents the District’s proportionate share of the net pension (assets) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District’s proportionate share of the net pension (assets) would be if it were calculated using a discount rate that is one percentage-point lower (5.95% for TRS and 4.90% for ERS) or one percentage-point higher (7.95% for TRS and 6.90% for ERS) than the current assumption.

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension (asset)	\$ (2,892,508)	\$ (27,564,649)	\$ (48,299,793)
ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension liability/(asset)	\$ 4,698,911	\$ (1,825,537)	\$ (7,282,923)

**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:

	(Dollar in Thousands)	
	TRS	ERS
Valuation date	June 30, 2020	April 1, 2021
Employers' total pension liability	\$ 130,819,415	\$ 223,874,888
Plan fiduciary net position	148,148,457	232,049,473
Employers' net pension (asset)	<u>\$ (17,329,042)</u>	<u>\$ (8,174,585)</u>
System fiduciary net position as a percentage of total pension liability	113.2%	103.7%

**Payables to the Pension Plan**—For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 amounted to \$2,974,484.

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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$240,490.

## 8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

**Plan Description**—In addition to pension benefits, the District pays for a portion of eligible retirees’ health insurance, depending on the type of health plan provided in accordance with the provisions of various employment contracts. The benefit level, employee contributions and employer contributions are governed by the District’s contractual agreements.

**Employees Covered by Benefit Terms**—As of June 30, 2022, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	39
Active employees	<u>532</u>
Total	<u>571</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“UAAL”) under GASB Statement No. 45.

**Total OPEB Liability (Asset)**

The District’s total OPEB liability (asset) of \$(1,967,613) was measured as of June 30, 2021, was determined by an actuarial valuation as of June 30, 2022. Due to large negative implied subsidies and high premiums, it is assumed that many of the District’s retirees would elect not to be covered by the District upon attaining age 65 and, therefore, the District reports an (asset) at June 30, 2022.

**Actuarial Methods and Assumptions**—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the June 30, 2022 valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2022. The salary scale assumes an increase of 3.00% per year and was based on the District’s future expectations. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate for post-65 medical trend rates used is 4.40%, while the ultimate healthcare cost trend rate is 3.78%. Mortality rates were updated to rates based on the sex-distinct and job-category-specific headcount-weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and health retirees, and then adjusted for mortality improvements with Scale MP-2020 mortality improvement scaled on a generational basis.

**Changes in the Total OPEB Liability (Asset)**—The following table presents the changes to the total OPEB liability (asset) during the fiscal year, by source:

	Total OPEB Liability (Asset)
Balance at June 30, 2021	<u>\$ (1,210,911)</u>
Changes for the year:	
Service cost	(174,883)
Interest	(36,425)
Changes of assumptions or other inputs	(343,513)
Benefit payments	<u>(201,881)</u>
Net changes	<u>(756,702)</u>
Balance at June 30, 2022	<u>\$ (1,967,613)</u>

**Sensitivity of the Total OPEB Liability (Asset) to the Change in the Discount Rate and Healthcare Cost Trend Rate**—The discount rate assumption can have an impact on the net OPEB liability (asset). The following table presents the effect a 1% change in the discount rate assumption would have on the net OPEB liability (asset):

	1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Net OPEB liability (asset)	\$ (1,028,949)	\$ (1,967,613)	\$ (3,236,294)



Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the net OPEB liability (asset) of a 1% change in the initial (4.40%) and ultimate (3.78%) healthcare cost trend rates.

	1% Decrease <u>(3.40% / 2.78%)</u>	Healthcare Cost Trend Rates <u>(4.40% / 3.78%)</u>	1% Increase <u>(5.40% / 4.78%)</u>
Net OPEB liability (asset)	\$ (3,204,621)	\$ (1,967,613)	\$ (1,099,876)

**Funding Policy**—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various union contracts, which were ratified by the District’s Board of Education. The District recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. District governmental funds contributed \$201,881 for the fiscal year ended June 30, 2022. The District’s contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 15. Any amendments to the employer’s contributions are subject to the bargaining units.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**—The District reports deferred outflows of resources and deferred inflows or resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability (asset) are required to be determined. The table below presents the District’s deferred outflows of resources and deferred inflows of resources at June 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,941,285
Changes of assumptions or other inputs	717,531	2,185,992
Benefit payments subsequent to measurement date	217,738	-
Total	<u>\$ 935,269</u>	<u>\$ 9,127,277</u>

The District’s benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability (asset) in the year ending June 30, 2023. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2023	\$ (1,078,893)
2024	(1,078,893)
2025	(1,078,893)
2026	(1,076,865)
2027	(1,040,335)
Thereafter	(3,055,867)

## 9. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; assessment challenges; theft of, damage to, and destruction of assets; and natural disasters. The District purchases commercial insurance to cover such potential risks. The liability insurance limits are as follows: Commercial property coverage with a blanket coverage, general liability coverage with a \$1,000,000 limit per occurrence, commercial automobile coverage with a combined single limit of \$1,000,000, and excess liability coverage with a \$10,000,000 limit per occurrence.

There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any material settlements which have exceeded insurance coverage in the past three fiscal years.

The District participates in the Orleans-Niagara School Health Plan, a public entity risk pool. This plan is designed to provide health insurance coverage for participating entities.

The District has elected to discharge any liability to the New York State Unemployment Insurance Fund by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees.

**Workers' Compensation**—The District has chosen to establish a self-insured plan for risks associated with employee workers' compensation claims. The District accounts for this activity in the General Fund.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated with consideration of the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other benefit costs.

Claim activities for the current year and the prior year are:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Paid and Changes in Estimates	Ending Balance
June 30, 2022	\$ 2,581,613	\$ 406,670	\$ 454,206	\$ 2,534,077
June 30, 2021	3,160,955	454,206	1,033,548	2,581,613

At June 30, 2022, the General Fund maintains a restricted fund balance in the amount of \$1,689,438 for the purpose of funding the District's future claim liabilities.

## 10. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. A summary of the District’s short-term debt for the fiscal year ended June 30, 2022 follows:

Description	Interest Rate	Maturity Date	Balance 7/1/2021	Issued	Redeemed	Balance 6/30/2022
Capital Projects Fund:						
Capital improvements	1.25%	6/28/2022	\$ 14,085,000	\$ -	\$ 14,085,000	\$ -
Capital improvements	4.00%	6/27/2023	-	21,015,000	-	21,015,000
Total			<u>\$ 14,085,000</u>	<u>\$ 21,015,000</u>	<u>\$ 14,085,000</u>	<u>\$ 21,015,000</u>

## 11. LEASES

The District is a lessee for a noncancellable lease of various vehicles and equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rates charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

During the years ended June 30, 2020, the District entered into a long-term lease agreement as the lessee for the acquisition and use of equipment. With the implementation of GASB Statement No. 87, an initial lease liability was recorded in the amount of \$100,295 as of June 30, 2021. During the year ended June 30, 2022, the District entered into a long-term lease agreement totaling \$131,509 as the lessee for the acquisition and use of equipment.

As of June 30, 2022, the total value of the lease liabilities was \$201,628. The District was required to make monthly principal and interest payments on the equipment of \$2,401 and \$2,407. The leases have interest rates ranging from 1.59% to 4.01%. The value of the right-to-use assets as of the end of the current fiscal year was \$645,500 and had accumulated amortization of \$202,325.

The future principal and interest payments as of June 30, 2022, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 50,535	\$ 8,061	\$ 58,596
2024	52,599	5,099	57,698
2025	47,520	2,975	50,495
2026	27,340	1,545	28,885
2027	23,634	437	24,071
	<u>\$ 201,628</u>	<u>\$ 18,117</u>	<u>\$ 219,745</u>

## 12. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The District's outstanding long-term liabilities include serial bonds, energy performance contract, lease liability, compensated absences, workers' compensation, and net pension liability. The bonds payable of the District are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the District's long-term liabilities at June 30, 2022 is presented below:

	Balance 7/1/2021 (as restated)	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Serial bonds	\$ 19,200,000	\$ -	\$ 4,685,000	\$ 14,515,000	\$ 1,670,000
Premium on serial bonds	726,421	-	154,901	571,520	99,931
Bonds payable, net	19,926,421	-	4,839,901	15,086,520	1,769,931
Energy performance contract	2,346,476	-	135,946	2,210,530	140,228
Lease liability	100,295	131,509	30,176	201,628	50,535
Compensated absences	7,184,262	1,306,557	1,038,913	7,451,906	372,595
Workers' compensation	2,581,613	406,670	454,206	2,534,077	449,029
Net pension liability*	4,259,858	-	4,259,858	-	-
Total	\$ 36,398,925	\$ 1,844,736	\$ 10,759,000	\$ 27,484,661	\$ 2,782,318

(\*Reductions to the net pension liability are shown net of additions.)

**Serial Bonds**—The District issues general obligation bonds to provide funds for the acquisition, construction and renovations of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 7 to 15 years.

Principal is paid annually, interest is paid semiannually; these payments are recorded in the Debt Service Fund. A summary of additions and payments for the year ended June 30, 2022 is show below:

Description	Year of Issue/ Maturity	Interest Rate (%)	Balance 7/1/2021	Additions	Payments	Balance 6/30/2022
2013 Serial Bonds	2013/2028	1.50-4.00	\$ 5,335,000	\$ -	\$ 700,000	\$ 4,635,000
DASNY Refunding - 2013	2012/2026	5.00-5.50	1,845,000	-	335,000	1,510,000
Refunding Bonds - 2015	2015/2022	1.00-5.00	3,060,000	-	3,060,000	-
2020 Serial Bonds	2020/2035	2.00%	8,960,000	-	590,000	8,370,000
Total			\$ 19,200,000	\$ -	\$ 4,685,000	\$ 14,515,000

**Premiums on Serial Bonds**—Premiums on bond issuances are being amortized on a straight-line basis over the life of their respective bonds. The unamortized premium as of June 30, 2022 was \$571,520.

**Energy Performance Contract**—During the year ended June 30, 2019, the District entered into an energy performance contract, for the acquisition, construction and installation of various District energy efficiency improvements, in an effort to reduce energy costs. Total outstanding balance at June 30, 2022 was \$2,210,530.

The requirements of the energy performance contract are summarized below:

<u>Year Ending June 30,</u>	
2023	\$ 208,220
2024	208,220
2025	208,220
2026	208,220
2027	208,220
2028-2032	1,041,098
2033-2036	<u>624,659</u>
Total minimum payments	2,706,857
Less: amount representing interest	<u>(496,327)</u>
Present value of minimum payments	<u>\$ 2,210,530</u>

The assets acquired through the energy performance contract are as follows:

Assets:	
Building and improvements	\$ 2,478,271
Less: Accumulated depreciation	<u>(118,751)</u>
Total	<u>\$ 2,359,520</u>

**Leases**—The District entered into long-term leases for various equipment. The outstanding balance at June 30, 2022 was \$201,628. Refer to Note 10 for additional information related to the District’s leases.

**Compensated Absences**—As explained in Note 1, the District records the value of compensated absences in the government-wide financial statements. The liability for compensated absences consists of unpaid accumulated annual sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and other employees expected to become eligible in the future to receive such payments are included. The amount recorded in the government-wide financial statements at June 30, 2022 for governmental activities is \$7,451,906. Management estimates that \$372,595 is due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable. The annual budgets of the operating funds provide for these benefits as they become due.

**Workers’ Compensation**—As explained in Note 9, the District is self-insured for risks associated with employee workers’ compensation claims. The District’s liability, as calculated by an independent third party administrator, is estimated to be \$2,534,077 as of June 30, 2022.

The following is a maturity schedule of the District's indebtedness:

Year Ending June 30,	Serial Bonds	Premiums on Serial Bonds	Energy Performance Contract	Lease Liability	Compensated Absences	Workers' Compensation	Total
2023	\$ 1,670,000	\$ 99,931	\$ 140,228	\$ 50,535	\$ 372,595	\$ 449,029	\$ 2,782,318
2024	1,725,000	99,931	144,644	52,599	-	-	2,022,174
2025	1,770,000	99,931	149,199	47,520	-	-	2,066,650
2026	1,825,000	74,764	153,898	27,340	-	-	2,081,002
2027	1,485,000	40,161	158,745	23,634	-	-	1,707,540
2028-2032	4,475,000	107,496	871,944	-	-	-	5,454,440
2033-2037	1,565,000	49,306	591,872	-	-	-	2,206,178
Thereafter	-	-	-	-	7,079,311	2,085,048	9,164,359
	<u>\$ 14,515,000</u>	<u>\$ 571,520</u>	<u>\$ 2,210,530</u>	<u>\$ 201,628</u>	<u>\$ 7,451,906</u>	<u>\$ 2,534,077</u>	<u>\$ 27,484,661</u>

Interest requirements on serial bonds payable, the energy performance contract, and leases are summarized as follows:

Year Ending June 30,	Serial Bonds	Energy Performance Contract	Lease Liability	Total
2023	\$ 397,988	\$ 67,992	\$ 8,061	\$ 474,041
2024	346,888	63,576	5,099	415,563
2025	286,488	59,020	2,975	348,483
2026	224,338	54,321	1,545	280,204
2027	167,888	49,474	437	217,799
2028-2032	404,338	169,155	-	573,493
2033-2037	52,000	32,786	-	84,786
Total	<u>\$ 1,879,928</u>	<u>\$ 496,324</u>	<u>\$ 18,117</u>	<u>\$ 2,394,369</u>

### 13. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construct or improvement of these assets reduce the balance in this category.
- **Restricted Net Position**—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents net position of the District not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the District at June 30, 2022 includes:

- **Inventories**—Representing the portion of fund balance in the School Lunch Fund, \$10,574 composed of inventories. This balance is nonspendable as the inventories do not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grants, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the District at June 30, 2022 includes:

	General Fund	Student Activities Fund	Debt Service Fund	Total
Workers' compensation	\$ 1,689,438	\$ -	\$ -	\$ 1,689,438
Employee benefits	931,658	-	-	931,658
Retirement contribution	3,401,200	-	-	3,401,200
Capital projects	16,818,664	-	-	16,818,664
Transportation	4,735,424	-	-	4,735,424
Tax certiorari	250,000	-	-	250,000
Unemployment	100,000	-	-	100,000
Tuscarora School	147,033	-	-	147,033
Student activities	-	103,004	-	103,004
Debt service	-	-	1,431,433	1,431,433
Total	<u>\$ 28,073,417</u>	<u>\$ 103,004</u>	<u>\$ 1,431,433</u>	<u>\$ 29,607,854</u>

- **Workers' Compensation**—According to General Municipal Law Section 6-j, this restriction must be 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 the 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.
- **Employee Benefits**—According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- **Retirement Contribution**—According to General Municipal Law Section 6-r, this restriction must be used for financing retirement contributions. The restriction 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.



- **Capital Projects**—According to Education Law Section 3651, this restriction 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 restriction 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 Section 3651 of the Education Law.
- **Transportation**—Similar to the restriction for capital projects, according to Education Law Section 3651, this restriction must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a transportation capital reserve fund requires authorization by a majority of the voters establishing the purpose of the restriction, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the restriction 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 Section 3651 of the Education Law.
- **Tax Certiorari**—According to Education Law Section 3651.1-a, this restriction must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the restriction shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeds in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.
- **Restricted for Unemployment**—According to General Municipal Law Section 6-m, this restriction 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 restriction 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.
- **Tuscarora School**—Represents assets of the Tuscarora School which are restricted for use only for specified Tuscarora School operations.
- **Student activities**—Represents amounts generated by the Extraclassroom Activities of the District, which are restricted for use only within the Student Activities Fund for specified student activities.
- **Debt Service**—Represents amounts within the Debt Service Fund resulting from contributions related to certain external agreements that are required to be used for capital project expenses or the debt service thereof.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District’s highest level of decision-making authority. As of June 30, 2022, the District has no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the District at June 30, 2022 and include:

	General Fund	School Lunch	Special Revenue Fund	Total
Encumbrances	\$ 908,785	\$ -	\$ -	\$ 908,785
Subsequent year's expenditures	2,004,309	-	-	2,004,309
Capital projects	500,000	-	-	500,000
Specific purpose	-	617,615	5,432,528	6,050,143
Total	<u>\$ 3,413,094</u>	<u>\$ 617,615</u>	<u>\$ 5,432,528</u>	<u>\$ 9,463,237</u>

- ***Assigned to Encumbrances***—Represents amounts related to unperformed (executory) contracts for goods and services.
- ***Assigned to Subsequent Year’s Expenditures***—Representing available General Fund fund balance being appropriated to meet expenditure requirements in the 2022-23 fiscal year.
- ***Assigned for Capital Projects***—Represents amounts side aside by the District for future capital projects.
- ***Assigned for Specific Purpose***—Represents amounts related to the District’s agreement with the New York State Power Authority. The District has \$617,615 and \$5,432,528 of fund balance assigned for specific purpose in the School Lunch Fund and Special Revenue Fund, respectively, at June 30, 2022.

If the District must use funds for emergency expenditures the Board of Education shall authorize the Business Administrator to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the District will use unassigned fund balance.

#### 14. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are generally short term in nature and exist because of temporary advances or payments made on behalf of other funds. Due to availability restrictions related to intergovernmental receivables from New York State certain interfund payables between the District and its blended component unit are not considered short term. The District considered the receivable associated with this item to be nonspendable. The composition of interfund balances as of June 30, 2022 are summarized on the following page.

Fund	Interfund	
	Receivable	Payable
Governmental Funds:		
General Fund	\$ 3,923,823	\$ 196,591
Special Aid Fund	4,208	2,755,177
School Lunch Fund	193,034	15,632
Capital Projects Fund	-	1,153,665
Total governmental funds	<u>\$ 4,121,065</u>	<u>\$ 4,121,065</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

Fund	Transfers in:					
	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Total
Transfers out:						
General Fund	\$ -	\$ 111,627	\$ 85,180	\$ 645,000	\$ 5,510,535	\$ 6,352,342
Capital Projects Fund	194,751	-	-	-	-	194,751
Debt Service Fund	400,000	-	-	-	-	400,000
Total	<u>\$ 594,751</u>	<u>\$ 111,627</u>	<u>\$ 85,180</u>	<u>\$ 645,000</u>	<u>\$ 5,510,535</u>	<u>\$ 6,947,093</u>

Transfers are used primarily to finance certain special aid programs, provide funding for the school lunch program, to fund capital projects, to fund the purchase of equipment, and to finance long-term liabilities.

## 15. LABOR RELATIONS

District employees are represented by three bargaining units with the balance governed by Board of Education rules and regulations. The Niagara Wheatfield Administrators Association contract is in place through June 30, 2027, and the Niagara Wheatfield School Related Personnel Association contract and the Niagara Wheatfield Teachers Association contract are in place through June 30, 2022.

## 16. COMMITMENTS

**Encumbrances**—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations. The District considers encumbrances significant if they are in excess of \$100,000. As of June 30, 2022, the significant encumbrances of the District are shown below:

Description	Amount
General Fund-Consulting service	\$ 258,188

## 17. TAX ABATEMENTS

The District is subject to programs entered into by Niagara County Industrial Development Agency (“NCIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the NCIDA and incentives may include property tax abatements of any new property tax revenue realized from the increased assessed value of any incentivized project from the investment of private capital. The abatement agreements include a stipulated reduction pursuant to the limits set forth in State statute and rules. In the future these new revenues will increase periodically until the project is taxed at full assessed value. Assuming the NCIDA incentivized projects would have been completed absent tax abatement, the unrealized property tax revenue is \$2,744,553. However, during 2022 the District collected \$1,712,638 related to these new incentivized projects.

## 18. CONTINGENCIES

*Litigation*—Various legal actions are pending against the District. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the District.

*Grants*—In the normal course of business, the District receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

*Other*—The District is involved in litigation in the ordinary course of its operations. The District believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the District’s financial condition or results of operations.

## 19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 5, 2022, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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## REQUIRED SUPPLEMENTARY INFORMATION

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**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—**  
**Teachers' Retirement System**  
**Last Nine Fiscal Years\***

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
District's proportion of the net pension liability/(asset)	0.159066%	0.153345%	0.153655%	0.152547%	0.148638%	0.147937%	0.147638%	0.152165%	0.152186%
District's proportionate share of the net pension liability/(asset)	\$ (27,564,649)	\$ 4,237,337	\$ (3,991,973)	\$ (2,758,444)	\$ (1,129,793)	\$ 1,584,472	\$ (15,334,899)	\$ (16,950,243)	\$ (1,001,766)
District's covered payroll	\$ 27,549,509	\$ 26,666,604	\$ 26,346,775	\$ 24,848,123	\$ 23,554,161	\$ 22,828,235	\$ 23,378,113	\$ 23,515,147	\$ 22,788,478
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(100.1%)	15.9%	(15.2%)	(11.1%)	(4.8%)	6.7%	(65.6%)	(72.1%)	(4.4%)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%	100.7%

\*Information prior to the year ended June 30, 2014 is not available.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of District's Contributions—**  
**Teachers' Retirement System**  
**Last Nine Fiscal Years\***

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,572,970	\$ 2,306,037	\$ 2,723,770	\$ 2,435,116	\$ 2,760,548	\$ 3,027,024	\$ 3,887,673	\$ 3,652,538	\$ 2,639,359
Contributions in relation to the contractually required contribution	<u>(2,572,970)</u>	<u>(2,306,037)</u>	<u>(2,723,770)</u>	<u>(2,435,116)</u>	<u>(2,760,548)</u>	<u>(3,027,024)</u>	<u>(3,887,673)</u>	<u>(3,652,538)</u>	<u>(2,639,359)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 28,842,908	\$ 27,549,509	\$ 26,666,004	\$ 26,346,775	\$ 24,848,123	\$ 23,554,161	\$ 22,828,235	\$ 23,378,113	\$ 23,515,147
Contributions as a percentage of covered payroll	8.9%	8.4%	10.2%	9.2%	11.1%	12.9%	17.0%	15.6%	11.2%

\*Information prior to the year ended June 30, 2014 is not available.



**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—**  
**Employees' Retirement System**  
**Last Nine Fiscal Years\***

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2021	March 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
District's proportion of the net pension liability/(asset)	0.0223319%	0.0226177%	0.0240139%	0.0244149%	0.0235882%	0.0241841%	0.0249604%	0.0271952%	0.0271952%
District's proportionate share of the net pension liability/(asset)	<u>\$ (1,825,537)</u>	<u>\$ 22,521</u>	<u>\$ 6,359,007</u>	<u>\$ 1,729,871</u>	<u>\$ 761,295</u>	<u>\$ 2,272,389</u>	<u>\$ 4,006,207</u>	<u>\$ 918,722</u>	<u>\$ 1,228,915</u>
District's covered payroll	\$ 8,841,912	\$ 8,199,389	\$ 8,806,272	\$ 8,422,967	\$ 8,226,689	\$ 7,852,383	\$ 7,716,218	\$ 7,673,875	\$ 7,780,520
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(20.6%)	0.3%	72.2%	20.5%	9.3%	28.9%	51.9%	12.0%	15.8%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

\*Information prior to the year ended June 30, 2014 is not available.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of District's Contributions—**  
**Employees' Retirement System**  
**Last Nine Fiscal Years\***

	<b>Year Ended June 30,</b>								
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,054,486	\$ 1,315,968	\$ 1,255,803	\$ 1,215,837	\$ 1,187,778	\$ 1,191,873	\$ 1,293,863	\$ 1,412,637	\$ 1,404,818
Contributions in relation to the contractually required contribution	<u>(1,054,486)</u>	<u>(1,315,968)</u>	<u>(1,255,803)</u>	<u>(1,215,837)</u>	<u>(1,187,778)</u>	<u>(1,191,873)</u>	<u>(1,293,863)</u>	<u>(1,412,637)</u>	<u>(1,404,818)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,000,054	\$ 8,300,896	\$ 8,697,441	\$ 8,659,798	\$ 8,294,352	\$ 8,236,889	\$ 7,771,396	\$ 7,647,821	\$ 7,780,520
Contributions as a percentage of covered payroll	11.7%	15.9%	14.4%	14.0%	14.3%	14.5%	16.6%	18.5%	17.9%

\*Information prior to the year ended June 30, 2014 is not available.

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**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Changes in the District's Total OPEB Liability/(Asset) and Related Ratios**  
**Last Five Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability/(Asset)</b>					
Service cost	\$ (174,883)	\$ 454,267	\$ 361,354	\$ 409,056	\$ 428,181
Interest	(36,425)	264,714	257,613	302,876	246,050
Changes of assumptions or other inputs	(343,513)	(2,247,212)	1,025,925	(19,117)	(133,452)
Differences between expected and actual experience	-	(7,464,166)	-	(1,623,153)	-
Benefit payments	<u>(201,881)</u>	<u>(443,099)</u>	<u>(350,691)</u>	<u>(475,972)</u>	<u>(404,543)</u>
Net changes in total OPEB liability/(asset)	<u>(756,702)</u>	<u>(9,435,496)</u>	<u>1,294,201</u>	<u>(1,406,310)</u>	<u>136,236</u>
Total OPEB liability/(asset)—beginning	<u>(1,210,911)</u>	<u>8,224,585</u>	<u>6,930,384</u>	<u>8,336,694</u>	<u>8,200,458</u>
Total OPEB liability/(asset)—ending	<u>\$ (1,967,613)</u>	<u>\$ (1,210,911)</u>	<u>\$ 8,224,585</u>	<u>\$ 6,930,384</u>	<u>\$ 8,336,694</u>
<b>Plan fiduciary net position</b>					
Contributions—employer	\$ 201,881	\$ 443,099	\$ 350,691	\$ 475,972	\$ 404,543
Benefit payments	(201,881)	(443,099)	(350,691)	(475,972)	(404,543)
Net change in plan fiduciary net position	-	-	-	-	-
Total fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>District's net OPEB liability/(asset)—ending</b>	<u>\$ (1,967,613)</u>	<u>\$ (1,210,911)</u>	<u>\$ 8,224,585</u>	<u>\$ 6,930,384</u>	<u>\$ 8,336,694</u>
Plan's fiduciary net position as a percentage of the total OPEB liability/(asset)	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	n/a	n/a	n/a	n/a	n/a
District's net OPEB liability/(asset) as a percentage of covered employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%

\*Information prior to the year ended June 30, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget (Non-GAAP Basis) and Actual—General Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources:				
Real property taxes and other tax items	\$ 36,588,944	\$ 36,588,944	\$ 36,490,821	\$ (98,123)
Charges for services	1,682,000	1,682,000	1,208,986	(473,014)
Use of money and property	73,000	73,000	17,162	(55,838)
Sale of property and compensation for loss	91,000	91,000	177,505	86,505
Miscellaneous	456,000	458,278	695,853	237,575
State sources:				
Basic formula	31,298,372	31,298,372	26,533,169	(4,765,203)
Lottery	-	-	5,382,131	5,382,131
Board cooperative education	2,920,109	2,920,109	3,009,432	89,323
Textbooks	212,994	212,994	198,323	(14,671)
Computer software/hardware	126,049	126,049	126,689	640
Library loan program	24,382	24,382	24,750	368
Federal sources:				
Impact Aid	450,000	450,000	548,211	98,211
Medicaid assistance	150,000	150,000	193,245	43,245
Other federal aid	-	-	522,800	522,800
Total revenues	<u>74,072,850</u>	<u>74,075,128</u>	<u>75,129,077</u>	<u>1,053,949</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	800,000	800,000	594,751	(205,249)
Lease issued	-	-	131,509	131,509
Appropriated reserves	2,115,000	2,115,000	-	(2,115,000)
Total other financing sources	<u>2,915,000</u>	<u>2,915,000</u>	<u>726,260</u>	<u>(2,188,740)</u>
Total revenues and other financing sources	<u>\$ 76,987,850</u>	<u>\$ 76,990,128</u>	<u>\$ 75,855,337</u>	<u>\$ (1,134,791)</u>

(continued)

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget (Non-GAAP Basis) and Actual—General Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Encumbrances</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>			
<b>EXPENDITURES</b>					
General support:					
Board of Education	\$ 69,737	\$ 85,571	\$ 54,551	\$ 6,371	\$ 24,649
Central administration	271,026	274,745	269,029	290	5,426
Finance	505,313	497,206	414,694	-	82,512
Staff	572,264	618,332	514,642	17,678	86,012
Central services	6,173,476	6,066,254	4,759,766	281,376	1,025,112
Special items	854,284	862,876	702,831	-	160,045
Instruction:					
Instruction, administration and improvement	1,978,468	2,042,970	1,962,504	120	80,346
Teaching—regular school	23,132,636	22,809,766	21,979,549	209,403	620,814
Programs for pupils with handicapping conditions	10,024,159	10,162,199	9,486,189	5,166	670,844
Occupational education	1,666,830	1,666,830	1,561,626	-	105,204
Teaching—special schools	161,434	189,956	123,816	-	66,140
Instructional media	1,701,386	1,665,185	1,291,508	25,149	348,528
Pupil services	3,290,710	3,410,026	2,940,856	32,760	436,410
Pupil transportation	5,210,439	5,235,612	4,528,841	22,285	684,486
Employee benefits	18,891,637	18,066,746	15,205,369	308,187	2,553,190
Debt service:					
Principal	-	30,176	30,176	-	-
Total expenditures/encumbrances	<u>74,503,799</u>	<u>73,684,450</u>	<u>65,825,947</u>	<u>908,785</u>	<u>6,949,718</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers out	<u>6,129,218</u>	<u>6,950,845</u>	<u>6,296,877</u>	<u>-</u>	<u>653,968</u>
Total expenditures/encumbrances and other financing uses	<u>80,633,017</u>	<u>80,635,295</u>	<u>72,122,824</u>	<u>908,785</u>	<u>7,603,686</u>
Net change in fund balances*	(3,645,167)	(3,645,167)	3,732,513		
Fund balance—beginning	<u>31,213,019</u>	<u>31,213,019</u>	<u>31,213,019</u>		
Fund balance—ending	<u>\$ 27,567,852</u>	<u>\$ 27,567,852</u>	<u>\$ 34,945,532</u>		

\*The net change in fund balances was included as an appropriation (i.e. spenddown) of fund balance and re-appropriation of prior year encumbrances.

The note to the required supplementary information is an integral part of this schedule.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Notes to the Required Supplementary Information**  
**Year Ended June 30, 2022**

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**1. OPEB LIABILITY**

*Changes of Assumptions*—Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which decreased from 2.45% as of June 30, 2020 to 1.92% at June 30, 2021. Mortality rates were updated to rates based on the sex-distinct and job-category-specific headcount-weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and health retirees, and then adjusted for mortality improvements with Scale MP-2020 mortality improvement scaled on a generational basis. Finally, the healthcare cost trend rate has an initial rate of 4.40% decreasing to an ultimate rate of 3.78%.

**2. BUDGETARY INFORMATION**

*Budgetary Basis of Accounting*—An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the Special Aid, School Lunch, Special Revenue, Student Activities and Debt Service funds. Appropriation limits, where applicable, for the Special Aid Fund, Special Purpose Fund and Debt Service Fund are maintained based on individual grants and donations, fundraising revenues accepted by the Board of Education or debt schedules. The periods of such grants may vary from the District’s fiscal year. A budget is maintained for the School Lunch Fund and Special Revenue funds as a management tool for internal control purposes. No budget is adopted for the Student Activities Fund as the extracurricular activities of the District are maintained by the individual clubs. The Tuscarora Indian School prepares a proposed budget for the Tuscarora Indian Education Fund requiring approval by the New York State Native American Unit. As such a reconciliation of the ending fund balance on the Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget (Non-GAAP Basis) to the actual—General Fund to the ending fund balance on Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds as follows:

Ending fund balance—Schedule of Revenues, Expenditures, and Changes in Fund	
Balance—Budget (Non-GAAP Basis) and Actual—General Fund	\$ 34,945,532
Tuscarora Indian School deficit fund balance	<u>(265,976)</u>
Ending fund balance—Statement of Revenues, Expenditures, and Changes in Fund	
Balance—Governmental Funds	<u>\$ 34,679,556</u>

The appropriated budget is prepared by fund, function, and department. The District’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

## SUPPLEMENTARY INFORMATION



**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit—General Fund**  
**Year Ended June 30, 2022**

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**Change from Adopted Budget to Final Budget**

Adopted budget 2021-2022		\$ 79,222,507
Add: Prior year's encumbrances		<u>1,410,510</u>
Original budget 2021-2022		80,633,017
Budget revisions:		
Donations		<u>2,278</u>
Final budget 2021-2022		<u><u>\$ 80,635,295</u></u>

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

2022-2023 voter approved expenditure budget		<u>\$ 79,826,137</u>	
Maximum allowed (4% of 2022-2023 budget)			<u>\$ 3,193,045</u>

General Fund fund balance subject to Section 1318 of Real Property Tax Law\*:

Unrestricted fund balance:			
Assigned fund balance		\$ 3,413,094	
Unassigned fund balance		<u>3,193,045</u>	
Total unrestricted fund balance			6,606,139
Less:			
Appropriated fund balance		\$ 2,004,309	
Encumbrances included in assigned fund balance		<u>908,785</u>	
Total adjustments			<u>2,913,094</u>

General Fund fund balance subject to Section 1318 of Real Property Tax Law		<u><u>\$ 3,693,045</u></u>
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Actual percentage		4.63%
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\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance, minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Capital Project Expenditures**  
**Year Ended June 30, 2022**

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<b>Project Title</b>	<b>Original Appropriation</b>	<b>Revised Appropriation</b>	<b>Expenditures to date</b>			<b>Unexpended Balance</b>
			<b>Prior Years</b>	<b>Current Year</b>	<b>Total</b>	
Phase IV - 2016 Capital Project	\$ -	\$ 446,050	\$ 113,576	278,482	\$ 392,058	\$ 53,992
Phase I & II- 2020 Capital Project	27,581,524	27,581,524	12,669,705	9,935,547	22,605,252	4,976,272
Phase III - 2020 Capital Project	1,786,644	1,786,644	8,917	223,921	232,838	1,553,806
Phase IV - 2020 Capital Project	10,000	10,000	-	7,985	7,985	2,015
Smart Schools	2,707,858	2,707,858	2,190,656	166,984	2,357,640	350,218
Steig Parking Lot	635,000	635,000	364,254	87,609	451,863	183,137
Decton Unit	400,000	400,000	388,389	-	388,389	11,611
	<u>\$ 33,121,026</u>	<u>\$ 33,567,076</u>	<u>\$ 15,735,497</u>	<u>\$ 10,700,528</u>	<u>\$ 26,436,025</u>	<u>\$ 7,131,051</u>

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Net Investment in Capital Assets**  
**June 30, 2022**

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Capital assets, net of accumulated depreciation/amortization		\$ 108,557,578
Add:		
Unspent debt proceeds	\$ 596,866	
Deferred charge on refunding	<u>5,877</u>	602,743
Deduct:		
Serial bonds	\$ (14,515,000)	
Premiums on bonds payable	(571,520)	
Energy performance contract	(2,210,530)	
Lease liability	(201,628)	
Bond anticipation notes payable	<u>(21,015,000)</u>	<u>(38,513,678)</u>
Net investment in capital assets		<u>\$ 70,646,643</u>

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## OTHER INFORMATION

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**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combining Balance Sheet—General Fund and**  
**Tuscarora Indian Education Fund**  
**June 30, 2022**

	<b>General</b>	<b>Tuscarora Indian Education</b>	<b>Elimination</b>	<b>Combined</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,165,159	\$ -	\$ -	\$ 4,165,159
Restricted cash and cash equivalents	27,926,384	132,482	-	28,058,866
Receivables	203,183	-	-	203,183
Due from other funds	4,286,619	76,267	(439,063)	3,923,823
Intergovernmental receivables	3,220,810	-	-	3,220,810
Restricted intergovernmental receivables—Tuscarora	-	413,009	-	413,009
Total assets	<u>\$ 39,802,155</u>	<u>\$ 621,758</u>	<u>\$ (439,063)</u>	<u>\$ 39,984,850</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$ 16,303	\$ -	\$ -	\$ 16,303
Accrued liabilities	884,492	35,662	-	920,154
Due to other funds	196,591	439,063	(439,063)	196,591
Due to retirement systems	3,214,974	-	-	3,214,974
Total liabilities	<u>4,312,360</u>	<u>474,725</u>	<u>(439,063)</u>	<u>4,348,022</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues—State aid receivable	<u>544,263</u>	<u>413,009</u>	<u>-</u>	<u>957,272</u>
Total deferred inflows of resources	<u>544,263</u>	<u>413,009</u>	<u>-</u>	<u>957,272</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	413,009	-	(413,009)	-
Restricted	27,926,384	-	147,033	28,073,417
Assigned	3,413,094	-	-	3,413,094
Unassigned	<u>3,193,045</u>	<u>(265,976)</u>	<u>265,976</u>	<u>3,193,045</u>
Total fund balances (deficit)	<u>34,945,532</u>	<u>(265,976)</u>	<u>-</u>	<u>34,679,556</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 39,802,155</u>	<u>\$ 621,758</u>	<u>\$ (439,063)</u>	<u>\$ 39,984,850</u>

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balances (Deficit)—**  
**General Fund and Tuscarora Indian Education Fund**  
**Year Ended June 30, 2022**

	<b>General</b>	<b>Tuscarora Indian Education</b>	<b>Elimination</b>	<b>Combined</b>
<b>REVENUES</b>				
Real property taxes and other tax items	\$ 36,490,821	\$ -	\$ -	\$ 36,490,821
Charges for services	1,208,986	-	-	1,208,986
Use of money and property	17,162	28	-	17,190
Sale of property and compensation for loss	177,505	-	-	177,505
Miscellaneous	695,853	-	-	695,853
State sources	35,274,494	5,113,975	-	40,388,469
Federal sources	1,264,256	-	-	1,264,256
Total revenues	<u>75,129,077</u>	<u>5,114,003</u>	<u>-</u>	<u>80,243,080</u>
<b>EXPENDITURES</b>				
Current:				
General support	6,715,513	950,921	-	7,666,434
Instruction	39,346,048	2,592,266	-	41,938,314
Pupil transportation	4,528,841	-	-	4,528,841
Employee benefits	15,205,369	1,407,957	-	16,613,326
Debt service:				
Principal	30,176	-	-	30,176
Total expenditures	<u>65,825,947</u>	<u>4,951,144</u>	<u>-</u>	<u>70,777,091</u>
Excess of revenues over expenditures	<u>9,303,130</u>	<u>162,859</u>	<u>-</u>	<u>9,465,989</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	594,751	-	-	594,751
Transfers out	(6,296,877)	(55,465)	-	(6,352,342)
Lease issued	131,509	-	-	131,509
Total other financing sources (uses)	<u>(5,570,617)</u>	<u>(55,465)</u>	<u>-</u>	<u>(5,626,082)</u>
Net change in fund balances (deficit)	3,732,513	107,394	-	3,839,907
Fund balances (deficit)—beginning	31,213,019	(373,370)	-	30,839,649
Fund balances (deficit)—ending	<u>\$ 34,945,532</u>	<u>\$ (265,976)</u>	<u>\$ -</u>	<u>\$ 34,679,556</u>



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FEDERAL AWARDS  
INFORMATION

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

Federal Grantor/Pass-through Grantor Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass Through Entity's Identifying Number (1c)	Passed- Through to Subrecipients	Federal Expenditures (1d)
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
<i>Passed through New York State Department of Agriculture:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	n/a	\$ -	536,125
National School Lunch Program	10.553	n/a	-	1,378,654
Summer Food Service Program for Children	10.559	n/a	-	119,111
Total Child Nutrition Cluster			-	2,033,890
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			-	2,033,890
<b>U.S. DEPARTMENT OF EDUCATION:</b>				
<i>Passed through New York State Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	021-21-1960	-	19,547
Title I Grants to Local Educational Agencies	84.010	021-22-1960	-	544,151
Title I Grant to Local Educational Agencies, School Improvement	84.010A	0011-21-2142	-	2,290
Title I Grant to Local Educational Agencies, School Improvement	84.010A	0011-22-2142	-	71,153
Total Title I Grants to Local Educational Agencies			-	637,141
Special Education Cluster:				
Special Education—Grants to States	84.027	032-21-0607	-	533
Special Education—Grants to States	84.027	032-22-0607	-	929,281
Special Education—Preschool Grants	84.173	033-22-0607	-	29,871
Total Special Education Cluster			-	959,685
Impact Aid	84.041	N/A	-	548,211
Supporting Effective Instruction State Grants	84.367	0147-21-1960	-	23,428
Supporting Effective Instruction State Grants	84.367	0147-22-1960	-	42,579
Total Improving Teacher Quality State Grants			-	66,007
Student Support and Academic Enrichment Program	84.424	0204-21-1960	-	2,158
Student Support and Academic Enrichment Program	84.424	0204-22-1960	-	5,465
Total Student Support and Academic Enrichment Program			-	7,623
Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	5896-21-1960	-	97,121
Governor's Emergency Education Relief Fund	84.425C	5895-21-1960	-	68,022
Elementary and Secondary School Education Relief Fund	84.425D	5890-21-1960	-	401,851
Elementary and Secondary School Education Relief Fund	84.425D	5891-21-1960	-	861,003
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5532-22-0607	-	71,210
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5850-21-1960	-	1,334,381
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5883-21-1960	-	16,490
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5884-21-1960	-	110,140
Total Education Stabilization Fund			-	2,960,218
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			-	5,178,885
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed through Federal Emergency Management Agency:</i>				
Community Disaster Loans	97.030	n/a	-	52,927
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			-	52,927
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)</b>			\$ -	\$ 7,265,702

The notes to this schedule of expenditures of federal awards are an integral part of this schedule.

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**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Niagara Wheatfield Central School District, New York (the "District") under programs of federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. The following notes were identified on the schedule:

- a) Includes all federal award programs of the Niagara Wheatfield Central School District, New York.
- b) Source: Federal Assistance Listing Numbers, previously known as Catalog of Federal Domestic Assistance
- c) Pass-through entity identifying numbers are presented where available.
- d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- e) Total federal expenditures for the District's 2021-2022 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	\$ 7,265,702
Medicaid reimbursement	193,245
Total Federal Sources per financial statements	<u>\$ 7,458,947</u>

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on 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. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. NON-MONETARY FEDERAL PROGRAM**

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2022, the District used \$117,286 worth of commodities.

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Certified Public Accountants

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

The Board of Education  
Niagara Wheatfield Central School District, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Niagara Wheatfield Central School District, New York (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2022 (which report includes an other matter paragraph regarding the implementation of GASB Statement No. 87).

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 a significant deficiency in compliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

### **District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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.

*Drescher & Malecki LLP*

October 5, 2022



Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The Board of Education  
Niagara Wheatfield Central School District, New York:

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

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

We have audited the Niagara Wheatfield Central School District, New York's (the "District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 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 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 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

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

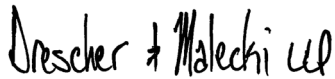
### **Report on Internal Control Over Compliance**

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

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

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

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

Handwritten signature in black ink, appearing to read "Drescher & Malecki LLP".

October 5, 2022

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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**Section I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of auditors' report issued: Unmodified\*  
 \*(which report includes an other matter paragraph regarding the implementation of GASB Statement No. 87)

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

**Federal Awards:**

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported

Type of auditors' 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)? \_\_\_\_\_ Yes  No

Identification of major federal programs:

Name of Federal Program or Cluster	Federal Assistance Listing Number
Education Stabilization Fund	84.425C/84.425D/84.425U

Dollar threshold used to distinguish between Type A and Type B programs? \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_  Yes \_\_\_\_\_ No

## Section II. FINANCIAL STATEMENT FINDINGS

*We consider the following deficiency to be a significant deficiency in compliance.*

### **Finding 2022-001—Unrestricted Fund Balance Calculation**

*Criteria*—Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4 percent of the next year’s budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4 percent limitation. Under GASB Statement No. 54 fund balance classifications, the 4 percent limitation is interpreted to be applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

*Condition and Context*—Available fund balance in the District’s General Fund exceeded 4 percent of the subsequent year’s budgeted appropriations.

*Cause*—The District’s unrestricted General Fund fund balance minus appropriated fund balance and amounts assigned for encumbrances is in excess of the 4 percent limitation.

*Effect or Potential Effect*—The District is not in compliance with New York State Real Property Tax Law §1318, which is subject to criticism from New York State and potential further repercussions.

*Recommendation*—We suggest that the District consider the establishment of certain restricted fund balance or increasing current restrictions.

*View of Responsible Officials and Corrective Action Plan*—The District and Board of Education have developed a long-term strategic financial plan to ensure the continued financial stability of the District. The Board has approved the holding of these funds in an Assigned Unappropriated account with the intention of establishing a reserve fund to be included on the ballot at an upcoming budget vote.

## Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

**NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Summary Schedule of Prior Year Audit Findings**  
**Year Ended June 30, 2022**  
**(Follow-up on June 30, 2021 Findings)**

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**Finding 2021-001—Unrestricted Fund Balance Calculation**

*Criteria*—Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4 percent of the next year’s budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4 percent limitation. Under GASB Statement No. 54 fund balance classifications, the 4 percent limitation is interpreted to be applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

*Condition and Context*—Available fund balance in the District’s General Fund exceeded 4 percent of the subsequent year’s budgeted appropriations.

*Cause*—The District’s unrestricted General Fund fund balance minus appropriated fund balance and amounts assigned for encumbrances is in excess of the 4 percent limitation.

*Effect or Potential Effect*—The District is not in compliance with New York State Real Property Tax Law §1318, which is subject to criticism from New York State and potential further repercussions.

*Recommendation*—We suggest that the District consider the establishment of certain restricted fund balance or increasing current restrictions.

*View of Responsible Officials and Corrective Action Plan*—The District and Board of Education have developed a long-term strategic financial plan to ensure the continued financial stability of the District. The Board has approved the holding of these funds in an Assigned Unappropriated account with the intention of establishing a reserve fund to be included on the ballot at an upcoming budget vote.

*Current Status*—See Finding 2022-001 for current status.

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**APPENDIX C**  
**Form of Legal Opinion**



Hawkins Delafield & Wood LLP  
7 World Trade Center, 250 Greenwich Street  
New York, New York 10007

May 31, 2023

The Board of Education of  
Niagara Wheatfield Central School District, in the  
County of Niagara, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Niagara Wheatfield Central School District (the “School District”), in the County of Niagara, New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$18,160,000 School District Serial Bonds-2023 (the “Bonds”), dated and delivered the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

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

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds 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.

The Code establishes certain requirements that must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to,

requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the School District will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it 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 the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

**APPENDIX D**  
**UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE**

## UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

### Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean Niagara Wheatfield Central School District, in the County of Niagara, a school district of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award, executed by the President of the Board of Education as of May 31, 2023.

“Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$18,160,000 School District Serial Bonds-2023**, dated May 31, 2023, maturing in various principal amounts on June 15 in each of the years 2024 to 2037, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the EMMA System:

- (i) no later the last day of the sixth month following the fiscal year ending June 30, 2023, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information, and audited financial statements, if any, shall be delivered to the EMMA System within thirty

(30) days after they become available and in no event later than 360 days after the end of each fiscal year; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
  - (1) principal and interest payment delinquencies;
  - (2) non-payment related defaults, if material;
  - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (5) substitution of credit or liquidity providers, or their failure to perform;
  - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
  - (7) modifications to rights of Securities holders, if material;
  - (8) Bond calls, if material, and tender offers;
  - (9) defeasances;
  - (10) release, substitution, or sale of property securing repayment of the Securities, if material;
  - (11) rating changes;
  - (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, 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 Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings: "Bond Issues", "General Information", "District Population", "Selected Wealth and Income Indicators", "District Facilities" "District Employees", "Historical and Projected Enrollment", "Employee Pension Benefits", "Other Post-Employment Benefits", "Major Employer", "Unemployment Rate Statistics" "Investment Policy", "Form of School Government", "Budgetary Procedures", "State Aid", "Fiscal Stress Monitoring", "State Comptroller Report of Examination," Other Information", "Financial Statements", "Full and

Assessed Valuations,” “Tax Rate Per \$1,000 (Assessed)”, “Tax Collection Procedure”, “Tax Collection Record”, “Real Property Tax Revenues”, “Major Taxpayers 2023 for 2022-23 Tax Roll,” “General Fund Operations”, “STAR – School Tax Exemption”, “Tax Levy Limitation Law”, “Real Property Tax Rebate”, “Debt Outstanding End of Fiscal Year”, “Status of Outstanding Bond Issues”, “Total Annual Bond Principal and Interest Due”, “Status of Short-Term Indebtedness”, “Cash Flow Borrowings”, “Capital Project Plans”, “Capital Lease Obligations”, “Building Aid Estimate,” “Debt Statement Summary”, “Estimated Overlapping Indebtedness”, “Debt Ratios”, “Litigation,” “Bond Rating”, and in Appendix A.

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

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer’s annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer’s Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.



Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **May 31, 2023**.

**NIAGARA WHEATFIELD CENTRAL SCHOOL  
DISTRICT**

By \_\_\_\_\_  
President of the Board of Education  
and Chief Fiscal Officer