

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 30, 2023

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hodgson Russ LLP of Buffalo, New York, Bond Counsel, under the existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain tax certification described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We observe that interest on the Note will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX EXEMPTION" herein.

The Notes WILL be designated by the District as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK
(the "District" or the "School District")

\$7,000,000
BOND ANTICIPATION NOTES, 2023
(the "Notes")

Dated: December 28, 2023

Due: June 27, 2024

Security and Source of Payment: The Notes are general obligations of the District and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. Unless paid from other sources, all the taxable real property within the District is subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York). See "TAX LEVY LIMITATION LAW" herein.

Prior Redemption: The Notes will NOT be subject to redemption, in whole or in part, prior to maturity.

Form and Denomination: The Notes will be issued as registered notes and, at the option of the initial purchaser(s), may be registered to the Depository Trust Company ("DTC" or the "securities depository"), or may be registered in the name of the initial purchaser(s).

To the extent that the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as securities depository for the Notes. In such event, individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). Initial purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payment of the principal of and interest on the Notes will be made 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 Notes. See "DESCRIPTION OF THE NOTES - Book-Entry-Only System" herein.

To the extent that the Notes are registered in the name of the initial purchaser (s), principal of and interest on the Notes will be payable in Federal Funds 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(s). In such case, the Notes will be issued in registered form in denominations of \$5,000, or integral multiples thereof, as may be determined by such successful bidder(s).

Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the legal opinion as to the validity of the Notes of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, and certain other conditions. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey (through the facilities of DTC) or at such other place as may be agreed with the purchaser(s) on or about December 28, 2023.

Facsimile or telephone bids will be received THURSDAY, DECEMBER 14, 2023 until 11:00 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale relating to the Notes.

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 THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. UNLESS THE NOTES ARE PURCHASED FOR THE SUCCESSFUL BIDDER'S OWN ACCOUNT AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE DISTRICT WILL ENTER INTO AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN DESIGNATED EVENTS, AS REQUIRED BY THE RULE (SEE "DISCLOSURE UNDERTAKING," HEREIN).

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK**

School District Officials

2023-2024 BOARD OF EDUCATION

Amanda McDonnell - President

Aaron Duell - Vice President

Jude Auman

Erin Baldwin

Jarrold Bell

Michelle Clark

Kami Doane

Charles Leichner – Interim Superintendent
Jessica Mitchell – School Business Administrator
Hilary Hadden– School District Treasurer
Connie Emery – District Clerk

School District Attorney

Webster Szanyi LLP

BOND COUNSEL

Hodgson Russ LLP

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:



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OFFICIAL STATEMENT
BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK
(the “District”)

\$7,000,000
Bond Anticipation Notes, 2023
(the “Notes”)

This Official Statement, which includes the cover page, has been prepared by the Bolivar-Richburg Central School District, Allegany County, New York (the “District” or the “School District,” “County” and “State,” respectively) in connection with the sale by the District of its \$7,000,000 Bond Anticipation Notes, 2023 (the “Notes”).

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

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

Statements in this Official Statement, and the documents included by specific reference, which are not historical facts are forward-looking statements, which are based on the District's management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has continued to create, since its inception in the spring of 2020, prevailing economic conditions (at the global, national, State and local levels) that remain uncertain, have been generally negative, and are subject to the potential for rapid change as new variants emerge and as governments and other organizations respond. These conditions are expected to continue for an indefinite period of time. Significant federal and state relief measures that have been enacted since the onset of the pandemic have served to support the operations and finances of the District, but such measures were temporary in nature and are not likely to be extended or renewed, at least to such a large extent. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide and continuing event, the effects of which are extremely difficult to predict and quantify going forward. See “MARKET AND RISK FACTORS: COVID-19,” herein.

DESCRIPTION OF THE NOTES

The Notes are dated December 28, 2023, and mature, without option of prior redemption, on June 27, 2024. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes are general obligations of the District and will contain a pledge of its faith and credit of the District for payment of the principal of and interest on the Notes, as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). Unless paid for from other sources, all the taxable real property within the District is subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, sufficient to pay such principal and interest as the same become due, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. See “TAX LEVY LIMITATION LAW,” herein.

The Notes will be issued in registered form. At the option of the purchaser(s), the Notes may be registered in the name of the purchaser(s), with principal of and interest on the Notes being payable in Federal Funds 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(s). In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). Alternatively, the Notes may be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), with DTC acting as securities depository for the Notes. See “Book-Entry-Only System,” herein. Under the DTC scenario, one fully registered note certificate will be issued for all Notes bearing the same rate of interest and CUSIP number, each in the aggregate principal amount of such issue, and purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (federal funds) by the District directly to DTC for its nominee, Cede & Co.

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the control of the District. See “MARKET AND RISK FACTORS,” herein.

Purpose and Authorization

The Notes 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 that was duly adopted by the Board of Education (the “Board”) on December 21, 2021, following a positive vote at a special meeting of the qualified voters of the District that was held on December 8, 2021, authorizing the issuance of up to \$12,391,306 of serial bonds to finance a portion of the District’s \$15,375,600 capital project consisting of the reconstruction and renovation of, and the construction of improvements, upgrades and one or more additions to various District buildings and facilities (and the sites thereof) (the “Project”).

The proceeds of this issue will provide \$7,000,000 in new money for the Project.

Book-Entry-Only System

The following is relevant only if the Notes are issued in book-entry form. DTC will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered Notes 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, only if requested by the purchaser prior to the initial issuance of Notes. One fully-registered note certificate will be issued for each of the notes bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation

from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission of them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Notes documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

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

WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

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

Certificated Notes

At the option of the purchaser(s), the Notes may be registered in the name of the purchaser(s). In such event, principal of and interest on the Notes will be payable in federal funds at such bank or trust company located and authorized to do business in the State as may be selected by the successful bidder(s). In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, as may be determined by such bidder(s).

Security and Source of Payment

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

The Notes 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 of and 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 of the taxable real property in the District without limitation as to rate or amount, subject to certain statutory limitation imposed by Chapter 97 of the 2011 Laws of New York. See "TAX LEVY LIMITATION LAW," herein.

Under the State Constitution, the District is required to pledge its faith and credit for the payment of 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 property therefor. See the discussion under "TAX LEVY LIMITATION LAW," herein.

Remedies of Noteholders on Default

Section 99-b of the State Finance Law ("SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for the school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b of SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

outstanding bonds of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds of the school district found to be in default and the amount of principal and interest thereon past due.

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

Under current law, provision is made for contract creditors (including holders of the Notes) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to 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 judgement, although judicial mandates have been issued to officials to appropriate and pay judgements out of current funds or the proceeds of a tax levy.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require exercise by the State of its emergency police power to assure the continuation of essential public service.

Special Provisions Affecting Remedies Upon Default

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgement or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

In accordance with a general rule with respect to municipalities, judgements against the District may not be enforced to levy and execution against property owned by the District.

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

Under the Bankruptcy Code, a petition may be filed in federal bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Bankruptcy Code also requires the municipality to file a plan for the adjustment of its debts, which may modify or alter the rights of creditors and would authorize the federal bankruptcy court to permit the municipality to issue certificates of indebtedness, which could have priority over existing creditors, and which could be

secured. Any plan of adjustment confirmed by the court must be approved by the requisite majority of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. The District has the legal capacity to file a petition under the Bankruptcy Code.

It might be asserted that under the Bankruptcy Code interest and principal debt service payments made by the District within 90 days of the District filing a bankruptcy petition were voidable preferences. In the event these assertions were made and sustained by the bankruptcy court, the recipients of those preferential payments could be required to refund them, and their claims would then be treated as if the preferential payments had not been made.

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

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of the Local Finance Law enacted at the 1975 Extraordinary Session of the State Legislature, authorizing any county, 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 ever been declared with respect to the District.

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

THE SCHOOL DISTRICT

General Information

The District, created through the merger of the former Bolivar and Richburg Central School Districts effective July 1, 1994, has an area of approximately 99 square miles. The District is located approximately 15 miles east of the City of Olean and 90 miles southeast of the City of Buffalo. The District includes the incorporated Villages of Bolivar and Richburg, as well as all or portions of the Towns of Alma, Bolivar, Clarksville, Cuba, Friendship, Genesee, and Wirt in Allegany County.

State Route 275 provides easy access to Interstate 86, the main east-west expressway between the Cities of Jamestown and Binghamton. Bus transportation is available in Bolivar; air transportation is accessed in the Cities of Buffalo or Rochester.

The District is primarily a rural/agricultural area, with many residents commuting to Olean and Wellsville for employment. Public water is provided by the Villages of Bolivar and Richburg, while outlying areas use private wells. Public sewer services are provided to a limited area by the Village of Bolivar. Fire protection and ambulance services are provided by various volunteer organizations. Police protection is provided by the Village of Bolivar and the Allegany County Sheriff's Department which is supplemented by the New York State Police.

The District provides public education for grades Pre-K through 12. Opportunities for higher education include St. Bonaventure University in Olean, Alfred State College and Alfred University in Alfred, Houghton College in Caneadea and Jamestown Community College in Olean and Jamestown.

Commercial and financial services are available in the Villages of Bolivar and Richburg and the City of Olean. Recreational and cultural facilities are available through the various colleges and universities, as well as in the Jamestown, Buffalo and Rochester areas.

Source: District officials.

District Population

The 2021 population of the School District is estimated to be 4,222. (Source: 2021 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which 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:						
Alma	\$13,601	\$18,727	\$31,117	\$35,833	\$43,542	\$58,438
Bolivar	13,766	19,329	27,173	38,750	52,232	59,464
Clarksville	1,393	19,168	23,040	35,000	39,375	44,375
Cuba	17,247	24,816	32,492	37,969	58,789	85,500
Friendship	12,552	17,218	26,750	33,542	43,631	74,167
Genesee	16,169	21,489	27,710	44,100	52,629	62,679
Wirt	12,387	19,454	21,315	32,222	38,409	48,125
County Of:						
Allegany	14,975	20,058	26,388	38,580	49,864	68,726
State Of:						
New York	23,389	30,948	43,208	51,691	67,405	92,731

Note:

2018-2022 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>Date of Last Addition or Alteration</u>
Bolivar Pre-Kindergarten	Pre-K	2002	2002
Richburg Elementary School	K-5	1926	1999
Bolivar Middle/High School	6-12	1929	2006

Source: District Officials

District Employees

The School District employs 178 full-time employees and 3 part-time employees. The number of members, the collective bargaining units which represent them, and their current contract expiration dates are as follows:

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
Bolivar-Richburg Teachers' Association	94	6/30/2024
Bolivar-Richburg Non-Teachers' Association (CSEA)	69	6/30/2026
Bolivar-Richburg Administrators' Association	4	6/30/2023*

*Currently under negotiations.

Source: District Officials

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2018-19	800	2023-24	748
2019-20	765	2024-25	721
2020-21	677	2025-26	711
2021-22	746	2026-27	705
2022-23	789	2027-28	697

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 and 2023-24 fiscal years is as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2017-2018	\$286,102	\$693,159
2018-2019	278,019	579,197
2019-2020	239,835	485,291
2020-2021	260,219	525,822
2021-2022	333,000	604,000
2022-2023 (Budgeted)	392,400	616,282
2023-2024 (Budgeted)	392,400	616,282

Source: Audited financial statements for the 2017-2018 fiscal year through the 2021-2022 fiscal year and the adopted budgets of the District for the 2022-2023 and 2023-2024 fiscal years. 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 have an early retirement incentive program. The program starts at \$10,000 after 10 years which increases by \$667 and then maxes out at \$20,000 as long as they are within the 365 days after the teacher first became eligible to retire under the NYSTRS.

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 from 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 (2019 to 2024) 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	7.6

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

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

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

Stable Rate Pension Contribution Option - The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 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 will allow 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 4, 2019, with a \$109,525 contribution.

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 now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75 - 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 July 1, 2021, and financial data as of June 30, 2022, the School District's beginning year total OPEB liability was \$372,396 the net change for the year was (\$8,344) resulting in a total OPEB liability of \$364,052 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

<u>Name</u>	<u>Nature of Business</u>	<u>Estimated Number of Employees</u>
Bolivar-Richburg Central School District	Public Education	181
Heritage Cutlery	Cutlery Manufacturer	58
Baldwin Forest	Lumber Company	34
Shop N Save	Grocery Store	28
Crosby's - Bolivar	Convenience Store	12

Source: District Officials

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the 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 District is necessarily representative of the County or vice versa.

<u>Year</u>	<u>Allegany County Unemployment Rate</u>	<u>New York State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2018	5.6%	4.1%	3.9%
2019	5.3%	3.8%	3.7%
2020	8.1%	9.9%	8.1%
2021	5.0%	6.9%	5.3%
2022	4.0%	4.3%	3.5%

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

2023 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Allegany	5.7%	4.8%	4.2%	3.1%	3.4%	3.8%	3.7%	4.1%	3.3%	3.6%	N/A	N/A
New York State	4.6%	4.5%	4.0%	3.7%	3.8%	4.2%	4.1%	4.4%	4.0%	4.4%	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 ("GML"), the District is generally permitted to deposit monies in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured 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 notes issued by the District, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to 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.

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 a seven-member Board of Education (the "Board"). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board. Board members are generally elected for a term of three years.

In early July of each year, the Board meets for the purpose of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Treasurer.

The major administrative officers of the District, whose duty it is to implement the policies of the Board and who are appointed by the Board, include the Superintendent of Schools, the School Business Administrator and the District Treasurer

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 of the District on May 18, 2021. The budget calls for a total tax levy increase of 0% which is within the District's Tax Cap of 2.97%.

The budget for the 2022-23 fiscal year was adopted by the qualified voters of the District on May 17, 2022. The budget calls for a total tax levy increase of 0% which is within the District's Tax Cap of 3.91%.

The budget for the 2023-24 fiscal year was adopted by the qualified voters of the District on May 16, 2023. The budget calls for a total tax levy increase of 0% which is within the District's Tax Cap of 3.92%.

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 2023-24 fiscal year, approximately 80.03% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 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 \$3,384,362 in ARP funds and \$726,272 in CRRSA funds. As of June 30, 2022, the District has received \$1,225,918.84 in ARP funds and \$726,272 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 in so far 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 and 2023-24 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	\$19,168,236	\$15,837,866	82.63%
2018-2019	19,963,329	16,398,792	82.14%
2019-2020	19,753,446	16,362,699	82.83%
2020-2021	19,024,250	15,511,026	81.53%
2021-2022	18,669,614	15,464,132	82.83%
2022-2023 (Budgeted)	20,311,799	16,273,834	80.12%
2023-2024 (Budgeted)	21,296,684	17,043,719	80.03%

Source: Audited financial statements for the 2017-2018 fiscal year through the 2021-2022 fiscal year and the adopted budgets of the District for the 2022-2023 and 2023-2024 fiscal years. 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 Office of the State Comptroller 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 five fiscal years of the District are as follows:

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on June 7, 2019. The purpose of the audit was to Determine whether the Board and District officials properly managed fund balance and reserves for the period July 1, 2015, through December 7, 2018.

Key Findings

- The Board overestimated appropriations by a total of \$3.8 million and annually appropriated \$500,000 of fund balance that was not used to finance operations during our audit period.
- As of June 30, 2018, surplus fund balance totaled almost \$1.5 million, 7 percent of the 2018-19 budgeted appropriations, exceeding the statutory limit by approximately \$626,000.
- The reserve fund plan is inadequate and certain reserve balances were excessive and not being used.

Key Recommendations

- Adopt budgets that include reasonable estimates for appropriations and the amount of fund balance that will be used to fund operations.
- Reduce surplus fund balance to comply with the statutory limit and use the excess funds in a manner more beneficial to taxpayers.
- Adopt a comprehensive written reserve policy, including plans for the use of reserves in accordance with applicable statutes.

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 Notes 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>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024</u>
Assessed Valuations:									
Alma	\$ 606,805		\$ 600,647		\$ 600,611		\$ 606,574		\$ 620,831
Bolivar	73,344,495		73,619,107		73,587,587		73,002,756		74,731,159
Clarksville	25,706,510		25,509,774		25,472,301		26,155,453		27,367,100
Cuba	79,621		79,545		79,542		79,543		143,505
Friendship	913,624		905,542		897,578		897,460		1,235,881
Genesee	28,528,945		28,962,030		29,504,981		29,800,143		30,044,107
Wirt	<u>43,733,207</u>	#	<u>43,964,318</u>		<u>43,940,104</u>		<u>44,074,573</u>		<u>45,747,255</u>
Total	<u>\$ 172,913,207</u>		<u>\$ 173,640,963</u>		<u>\$ 174,082,704</u>		<u>\$ 174,616,502</u>		<u>\$ 179,889,838</u>

Equalization Rates:

Alma	90.00%		82.00%		76.00%		75.00%		71.00%
Bolivar	100.00%		97.00%		96.00%		83.00%		71.00%
Clarksville	75.00%		73.00%		70.00%		68.00%		62.00%
Cuba	86.85%		84.00%		83.00%		74.00%		100.00%
Friendship	87.00%		82.00%		80.00%		72.00%		100.00%
Genesee	80.00%		74.00%		80.00%		76.00%		69.00%
Wirt	96.00%		93.00%		90.00%		88.00%		77.00%

Full Valuations:

Alma	\$ 674,228		\$ 732,496		\$ 790,278		\$ 808,765		\$ 874,410
Bolivar	73,344,495		75,895,987		76,653,736		87,955,128		105,255,154
Clarksville	34,275,347		34,944,896		36,389,001		38,463,901		44,140,484
Cuba	91,676		94,696		95,834		107,491		143,505
Friendship	1,050,143		1,104,320		1,121,973		1,246,472		1,235,881
Genesee	35,661,181		39,137,878		36,881,226		39,210,714		43,542,184
Wirt	<u>45,555,424</u>		<u>47,273,460</u>		<u>48,822,338</u>		<u>50,084,742</u>		<u>59,412,019</u>
Total	<u>\$ 190,652,494</u>		<u>\$ 199,183,733</u>		<u>\$ 200,754,386</u>		<u>\$ 217,877,214</u>		<u>\$ 254,603,637</u>

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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Alma	\$ 15.82	\$ 16.62	\$ 17.79	\$ 17.42	\$ 15.83
Bolivar	14.24	14.05	14.09	15.74	15.83
Clarksville	18.99	18.67	19.32	19.21	18.13
Cuba	16.40	1.23	16.29	17.65	11.24
Friendship	16.37	16.62	16.90	18.14	11.24
Genesee	17.80	18.42	16.90	17.19	16.29
Wirt	14.83	14.66	15.03	14.85	14.60

Tax Collection Procedure

Taxes are payable during September without penalty. Payments made during the month of October carry a 2% penalty. On or about November 8, a list of all unpaid taxes is given to the County Treasurer for the payment of all uncollected taxes. The District is reimbursed by the County for all unpaid taxes in April of each year and is thus assured of 100% collection of its annual levy.

Tax Collection Record

Fiscal Year Ended June 30:	2019	2020	2021	2022	2023*
Total Levy for					
All Purposes	\$2,714,763	\$2,714,763	\$2,714,763	\$2,714,763	\$2,714,763
Amount Uncollected	\$307,325	303,898	313,107	310,053	290,962
Percentage Uncollected	11.32%	11.19%	11.53%	11.42%	10.72%

Note: * Collection information is as of 11/14/2023.

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.

Fiscal Year	Total Revenues	Total Real Property Taxes	Percentage of Total Revenues Consisting of Real Property Taxes
2017-2018	\$19,168,236	\$2,725,218	14.22%
2018-2019	19,963,329	2,718,591	13.62%
2019-2020	19,753,446	2,719,884	13.77%
2020-2021	19,024,250	2,714,763	14.27%
2021-2022	18,669,614	2,719,776	14.57%
2022-2023 (Budgeted)	20,311,799	2,714,763	13.37%
2023-2024 (Budgeted)	21,296,684	2,714,763	12.75%

Source: Audited financial statements for the 2017-18 fiscal year through 2021-22 fiscal year and the adopted budgets of the District for the 2022-2023 and 2023-2024 fiscal years. This table is not audited.

Major Taxpayers 2022

<u>Name</u>	For 2022-23 Tax Roll <u>Type</u>	<u>Assessed Value</u>
Rochester Gas & Electric	Utility	10,419,304.00
National Fuel Gas	Utility	6,028,246.00
Verizon Telecommunications	Utility	1,033,923.00
JT Allegany Timberland LLC	Retail	589,300.00
Oak Ridge, Inc.	Lumber Company	579,800.00
Sunny Hill Campground	Private	510,200.00
Baldwin Forest Products	Retail	479,500.00
JJ Golf	Golf Course	456,160.00
Kenneth Reiss	Private	431,630.00
Wilson, James	Residential	318,000.00
Total		\$20,846,063

1. The above taxpayers represent 11.94 % of the School District's 2022-23 Assessed value of \$174,616,502

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certiorari claims that are known to have a material impact on the District.

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 former 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 modified the then-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.

On June 25, 2015, Chapter 20 of the 2015 Laws of New York amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016, to June 15, 2020. The State's enacted budget for the fiscal year ending March 31, 2020, made the Tax Levy Limitation Law permanent.

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.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including 28 tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures" are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy," and is an exclusion from the tax levy limitation, applicable to the Notes. The State Commissioner of Taxation and Finance has promulgated a regulation that will allow school districts, beginning in the year 2020-2021 school year, to adjust the exclusion to reflect a school district's share of capital expenditures related to projects funded through a board of cooperative education services ("BOCES").

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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 Notes.

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. (a) Such obligations are authorized for an object or purpose of which the District is not authorized to expend money; or

(b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with;

and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of the notice; or

2. Such obligations were authorized in violation of the provisions of the Constitution of New York.

The District typically complies with this estoppel procedure, and it has done so with respect to the bond resolution pursuant to which the Notes are being issued. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board, 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 two years from the date of the first issuance of such notes and provided that such renewal issues do not exceed five years beyond the original date of borrowing. Additionally, in response to the COVID-19 pandemic, legislation has been adopted that allows certain bond anticipation notes originally issued between 2015 and 2021 to be renewed up to seven years prior to the issuance of serial bonds.

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.

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Serial Bonds	\$5,720,000	\$4,185,000	\$7,825,000	\$6,650,000	\$5,865,000
Bond Anticipation Notes	5,730,000	5,630,000	0	0	0
Other Obligations ⁽¹⁾	0	1,566,506	1,485,621	1,401,864	1,315,134
Total Debt Outstanding	\$11,450,000	\$9,815,000	\$7,825,000	\$6,650,000	\$7,180,134

⁽¹⁾ Energy Performance Contract of the District.

Status of Outstanding Bond Issues

Year of Issue:	2012		2016	
Amount Issued:	\$4,505,000		\$1,100,000	
Purpose/Instrument:	DASNY Bonds		DASNY Bonds	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 480,000	\$ 27,688	\$ 80,000	\$ 31,350
2025	25,000	3,688	85,000	27,350
2026	25,000	2,438	90,000	23,100
2027	25,000	1,688	90,000	19,500
2028	25,000	875	95,000	15,000
2029	-	-	100,000	10,250
2030	-	-	<u>105,000</u>	<u>5,250</u>
Totals:	\$ 580,000	\$ 36,375	\$ 645,000	\$ 131,800

Year of Issue:	2020	
Amount Issued:	\$4,585,000	
Purpose/Instrument:	DASNY Bonds	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2024	\$ 305,000	\$ 191,000
2025	320,000	175,750
2026	335,000	159,750
2027	350,000	143,000
2028	370,000	125,500
2029	390,000	107,000
2030	405,000	87,500
2031	425,000	67,250
2032	450,000	46,000
2033	<u>470,000</u>	<u>23,500</u>
Totals:	\$ 3,820,000	\$ 1,126,250

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>
2024	\$ 865,000	\$ 250,038	\$ 1,115,038	17.59%
2025	430,000	206,788	636,788	27.63%
2026	450,000	185,288	635,288	37.66%
2027	465,000	164,188	629,188	47.58%
2028	490,000	141,375	631,375	57.54%
2029	490,000	117,250	607,250	67.12%
2030	510,000	92,750	602,750	76.63%
2031	425,000	67,250	492,250	84.39%
2032	450,000	46,000	496,000	92.22%
2033	470,000	23,500	493,500	100.00%
Totals:	\$ 5,045,000	\$ 1,294,425	\$ 6,339,425	

Energy Performance Lease Financings

Year of Issue:	2019
Amount Issued:	\$1,566,506
Final Maturity:	9/15/2017

Purpose/Instrument: EPC

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2024	\$ 92,997	\$ 43,499
2025	96,298	40,198
2026	99,717	36,779
2027	103,257	33,239
2028	106,923	29,573
2029	110,718	25,778
2030	114,649	21,847
2031	118,719	17,777
2032	122,933	13,563
2033	127,298	9,199
2034	<u>131,817</u>	<u>4,679</u>
Totals:	\$ 1,225,326	\$ 276,131

Cash Flow Borrowings

The District has not found it necessary to borrow in anticipation of taxes and revenues, and does not anticipate the need to do so in the foreseeable future.

Status of Short-Term Indebtedness

The School District has no outstanding short-term indebtedness as of the date of this Official Statement

Capital Project Plans

On December 8, 2021 the District voters approved a \$15,375,600 capital project for the reconstruction and renovation of, and the construction of improvements, upgrades and one or more additions to various District buildings and facilities (and the sites thereof). Funding for the project will consist of \$2,984,294 capital reserve monies, \$298,826 EXCEL Building Aid, and the remaining \$12,092,480 to be borrowed through bond anticipation notes and serial bonds. This is the first borrowing against said authorization.

No other Capital Projects are currently planned or contemplated.

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 95.0%.

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 November 30, 2023

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Alma	\$ 620,831	71.00%	\$ 874,410
Bolivar	74,731,159	71.00%	105,255,154
Clarksville	27,367,100	62.00%	44,140,484
Cuba	143,505	100.00%	143,505
Friendship	1,235,881	100.00%	1,235,881
Genesee	30,044,107	69.00%	43,542,184
Wirt	45,747,255	77.00%	59,412,019
Total			<u>\$ 254,603,637</u>
Debt Limit: 10% of Full Valuation			\$ 25,460,364
 Inclusions:			
Serial Bonds			\$ 5,045,000
EPC			1,225,326
Total Inclusions:			<u>\$ 6,270,326</u>
 Exclusions:			
Building Aid Estimate ¹			<u>\$0</u>
Total Exclusions:			<u>\$0</u>
 Total Net Indebtedness Before Giving Effect to This Issue:			
This Issue			<u>\$ 6,270,326</u>
 Total Net Indebtedness After Giving Effect to this Issue			
			<u>\$ 13,270,326</u>
Net Debt Contracting Margin			\$ 12,190,038
Percentage of Debt-Contracting Power Exhausted			52.12%

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> ¹	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
Allegany County	\$ 217,877,214					
	\$ 2,281,717,634	9.55%	\$ 18,765,000	N/A	\$ 18,765,000	\$ 1,791,837
Town of Alma	\$ 808,765					
	\$ 55,019,663	1.47%	\$ -	N/A	\$ -	\$ -
Town of Bolivar	\$ 87,955,128					
	\$ 87,955,128	100.000%	\$ -	N/A	\$ -	\$ -
Town of Clarksville	\$ 38,463,901					
	\$ 66,662,833	57.70%	\$ -	N/A	\$ -	\$ -
Town of Cuba	\$ 107,491					
	\$ 184,852,721	0.06%	\$ 899,623	N/A	\$ 899,623	\$ 523
Town of Friendship	\$ 1,246,472					
	\$ 81,685,913	1.53%	\$ 988,966	N/A	\$ 988,966	\$ 15,091
Town of Genesee	\$ 39,210,714					
	\$ 81,903,047	47.875%	\$ -	N/A	\$ -	\$ -
Town of Wirt	\$ 50,084,742					
	\$ 56,674,203	88.37%	\$ -	N/A	\$ -	\$ -
Village of Bolivar	\$ 30,205,605					
	\$ 30,205,605	100.00%	\$ 2,157,484	N/A	\$ 2,157,484	\$ 2,157,484
Village of Richburg	\$ 9,578,349					
	\$ 9,578,349	100.00%	\$ -	N/A	\$ -	\$ -
Total						<u>\$ 3,964,935</u>

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

Notes: Bonds and Bond Anticipation notes as of 2022 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 November 30, 2023:

	Amount	Per Capita	(a)	Percentage of Full Value	(b)
Net Indebtedness	\$ 13,270,326	\$ 3,143.14		5.212%	
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 17,235,261	\$ 4,082.25		6.769%	

(a) The District's estimated population is 4,222. (Source: 2021 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2023-24 is \$254,603,637.

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

There are various forms of risk associated with investing in the Notes. One such risk is that the District will be unable to promptly pay interest and principal on the Notes as they become due (see "Remedies of Noteholders on Default," herein). If a Noteholder elects to sell his or her investment prior to its scheduled maturity date, market access or price risk may be incurred. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition, there may be other risk factors which a potential investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

There are a number of factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly its property taxes. For instance, the termination of a major commercial enterprise or an unexpected revenue increase in tax certiorari proceedings could result in a reduction in the assessed valuation of taxable real property in the District. In addition, to the extent that the District is dependent on State aid, there can be no assurance that such aid will be continued in the future. Unforeseen developments could also result in substantial increases in District expenditures, thus placing considerable strain on the District's financial condition.

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

If and when a holder of any Note should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates, if interest rates rise. The price of a Note will decline, causing the Noteholder to incur a capital loss upon the sale of such Note (unless such Note is held to maturity).

On December 22, 2017, then-President Trump signed into law the significant tax reform legislation that is generally referred to as the "Tax Cuts and Jobs Act of 2017" (the "TCJA"). The TCJA made significant changes to the Code, most of which became effective for the 2018 tax year. The TCJA made extensive changes to the deductibility of various taxes, including placing a cap of \$10,000 on a taxpayer's deduction of state and local taxes.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (H.R. 5376). For tax years beginning after 2022, this legislation will impose a minimum tax of 15 percent on the “adjusted financial statement income” of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with at least \$1 billion in average annual earnings, and certain foreign-parented multinational corporations with at least \$100 million in average annual earnings, determined over a three-year period. For this purpose, adjusted financial statement income is not reduced for interest and earned on tax-exempt obligations. Prospective holders of the Notes that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Notes.

Cyber Security

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 operation 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.

COVID – 19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020.

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce, and financial markets globally. While several vaccines have been developed and are now being deployed world-wide, the full and continuing impact of the pandemic is difficult to predict due to uncertainties regarding its ultimate duration and severity. Uncertainty regarding the short, medium, and long-term effects of the COVID-19 pandemic initially caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve took immediate significant steps to backstop those markets and to provide much needed liquidity, and the markets then generally stabilized. Still, given these conditions, it is possible that the process of trading the Notes in the secondary market could be affected in ways that are difficult to predict.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the \$2.3 trillion Coronavirus Aid, Relief, and Economic Security (“CARES”) Act of 2020 and the \$1.9 trillion American Rescue Plan Act (“ARP” or the “Arp Act”) of 2021, both of which provide funding for pandemic-related expenses and attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Efforts for State and Local Governments: The CARES Act included a \$150 billion Coronavirus Relief Fund, which provided funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations could receive monies from the amount allocated to their state). This money was intended for programs that were necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money was not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it could indirectly assist with revenue shortfalls in cases where the expenses that were covered by this fund would otherwise create a further budget shortfall.

The CARES Act also included an Education Stabilization Fund, which provided \$30.75 billion for K-12 and higher education systems. There were three main forms of relief: \$13.2 billion for K-12 schools that was administered on a state-

by-state basis, \$14 billion for public and private colleges and universities, and \$3 billion in emergency relief that governors could distribute to schools, colleges and universities that were particularly affected by COVID-19 and the ensuing crisis.

The ARP Act included an additional \$350 billion for states, tribal governments, and local governments. Notably, in addition to the uses allowed under the CARES Act, ARP funds can be used to replace revenues lost due to COVID-19 and to make necessary investments in water, sewer, or broadband infrastructure. These broader categories allow such governments much more flexibility in utilizing the funds.

The ARP Act also included a total of \$170.3 billion in funding for education, including more than \$122.8 billion for the Elementary and Secondary School Emergency Relief Fund (“ESSER”). The largest portion of such ESSER funds was to be distributed to school districts based on their relative share of Title I funding, but additional moneys were also allocated to help schools address learning time lost by students, after-school and summer enrichment programs, and administration costs.

State Response

Executive Orders: Pursuant to emergency powers granted by the State Legislature, former Governor Cuomo and current Governor Hochul have released a number of executive orders in response to the COVID-19 pandemic.

Pursuant to State Executive Order 202.4, every school in the State was directed to close no later than March 18, 2020. While schools were originally ordered closed until April 1, the time period was later extended to May 15, and then through the end of the school year. School districts must normally maintain 180-day in-class attendance for State aid; however, this requirement was waived to the extent attributable to COVID-19 related closures during the 2019-20 school year. Additionally, pursuant to State Executive Orders Nos. 202.13 and 202.26, the school district elections and budget votes that normally would have been held in-person on May 19, 2020, were postponed and conducted by absentee ballot, with such ballots being counted on June 16, 2020.

While initially “non-essential” employees were mandated to work from home, starting on May 15, 2020, regions of the State that met certain criteria were allowed to begin reopening.

As COVID-19 cases began to rise again in the fall of 2020, the State shifted to a strategy based on identifying areas with higher positivity rates and implementing successively higher restrictions in such areas. When COVID-19 cases dropped again, affected areas could be removed from the list. As of March 22, 2021, all remaining location-based restrictions were lifted.

Due to the spread of Delta and Omicron variants in the fall and winter of 2021, the State implemented a mask mandate; however, as of February 9, 2022, such State-wide mandate has been lifted.

Since increased supplies of COVID-19 vaccine have become available, the State has encouraged residents to get vaccinated and, currently, all New Yorkers five years of age or older are eligible to receive a vaccine.

Up-to-date information on the State’s COVID-19 response can be found at <https://forward.ny.gov>. Reference to website implies no warranty of accuracy of information therein.

State Budget: The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State’s 2019-2020 fiscal year and continuing during the State’s 2020-2021 and 2021-2022 fiscal years.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June 2020 the State Division of the Budget (“DOB”) began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State’s 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including

approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year was more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts benefitted from a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive in full, by the 2023-2024 fiscal year, the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments also received a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal (VLT) facilities received a full restoration of \$10.3 million in proposed VLT aid cuts.

The State's 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's 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's 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.

Although both the 2021-2022 and 2022-2023 State budgets contained additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

Legislation Allowing Financial Flexibility for Municipalities and School Districts: On August 24, 2020, former Governor Cuomo signed legislation allowing municipalities and school districts additional financial flexibility in response to the COVID-19 pandemic. Whereas municipalities and school districts in the State typically may only pursue short-term financing for five years, under certain circumstances the new legislation allows note financing for up to an additional two years prior to converting to long-term bonds.

The new legislation also allows municipalities and school districts additional flexibility related to the use of reserve funds or inter-fund transfers for costs associated with COVID-19. The typical mandatory or permissive referendum requirements for the expenditure of funds from a capital reserve fund have been waived for capital costs attributable to the COVID-19 pandemic. Moneys from a capital reserve fund can also be temporarily advanced for operating costs or other costs attributable to the COVID-19 pandemic, so long as such moneys are repaid within five fiscal years, with interest. Additionally, while inter-fund transfers must typically be repaid by the end of the fiscal year in which the transfer is made, inter-fund advances for costs attributable to the COVID-19 pandemic do not need to be repaid until the close of the following fiscal year.

During the course of the pandemic, the District has seen increased expenditures for personal protective equipment, partitions for all classrooms, cleaning staff and additional technology for students and teachers; much of this spending has been covered by the federal dollars that have made their way to the District under the relief legislation discussed above.

While the continuing and future impacts of COVID-19 on the global, federal, State, and local economies cannot be predicted with any certainty, the ongoing pandemic could have a significant adverse effect on the District's finances.

Although the District has not yet experienced any lasting adverse financial effects, it is continuing to monitor this situation and, in the absence of any future relief litigation, will attempt to mitigate any such adverse effects through program cuts or staffing reductions, as may be needed.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income, of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. We observe that interest on the notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Such opinion will state that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including the City of New York).

In rendering the foregoing opinion, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to among other things, continuing compliance by the District with the applicable requirements of Sections 141, 148 and 149 of the Code and regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the tax certificate and the non-arbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the "Certificates") establish the requirements and procedures, compliance with which will satisfy the Tax Requirements applicable to the Notes.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a "private activity bond" within the meaning of Code Section 141;
2. The requirement contained in Code Section 148 relating to arbitrage bonds; and
3. The requirement the payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Section 149(b) of the Code.

In the Certificates, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporation, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal tax consequences.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code Section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions and proposals for future changes are regularly submitted by leaders of the legislative and

executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult their own legal and tax advisors with respect to these matters.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Notes will be covered by the unqualified legal opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the School District, such opinion to be delivered with the Notes.

DISCLOSURE UNDERTAKING

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, unless the Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the School District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as "Appendix C". A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Bonds as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

The School District has established procedures designed to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through the Electronic Municipal Market Access System.

LITIGATION

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

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

BOND RATING

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

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

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

MUNICIPAL ADVISOR

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

MISCELLANEOUS

The execution and delivery of this Official Statement have been duly authorized by the Board. Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements 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 District is not guaranteed as to accuracy, completeness or fairness, the District has no reason to believe and does not believe that such information is materially inaccurate or misleading, and to the knowledge of the 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 District and no material adverse changes in the general affairs of the 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 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 Notes.

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, to the District, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

R.G. Timbs, Inc. may place a copy of this Official Statement on its website at 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: Jessica Mitchell, School Business Administrator, phone: (585) 928-2933; email: jmitchell@bolivarrichburg.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.

Bolivar-Richburg Central School District

Dated: November 30, 2023
Bolivar, New York

Amanda McDonnell
President of the 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:	Budget					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Beginning Fund Balance - July 1	\$9,904,007	\$10,340,580	\$11,305,640	\$12,600,500	\$13,115,830	\$10,933,358 ^E
<u>Revenues:</u>						
Real Property Taxes	\$2,714,322	\$2,718,591	\$2,719,884	\$2,714,763	\$2,719,776	\$2,714,763
Other Tax Items	10,896	0	0	5,484	0	6,000
Charges for Services	94,701	73,079	49,403	67,476	38,389	30,000
Use of Money & Property	30,706	151,221	88,477	24,785	17,864	50,000
Sale of Property/Comp. for Loss	5,848	13,609	16,385	8,588	12,736	500
Miscellaneous	380,804	521,955	404,845	382,933	271,122	350,000
State Aid	15,837,866	16,398,792	16,362,699	15,511,026	15,464,132	16,273,834
Federal Aid	93,093	86,082	111,753	309,195	145,595	85,000
Interfund Transfer	<u>0</u>	<u>82,661</u>	<u>43,320</u>	<u>0</u>	<u>0</u>	<u>801,702</u>
Total Revenues	\$19,168,236	\$20,045,990	\$19,796,766	\$19,024,250	\$18,669,614	\$20,311,799
<u>Expenditures:</u>						
General Support	\$2,721,351	\$2,594,523	\$2,761,850	\$2,886,065	\$2,864,126	\$3,138,025
Instruction	9,611,761	10,189,219	9,601,378	9,365,726	9,342,974	11,255,675
Transportation	806,760	811,107	767,661	784,266	876,146	948,805
Community Services	0	0	0	0	0	0
Employee Benefits	3,012,535	3,176,140	3,044,612	3,194,343	3,086,416	4,022,190
Debt Service	1,763,738	1,904,005	1,889,311	1,752,062	1,251,784	1,253,588
Interfund Transfer	<u>815,518</u>	<u>405,936</u>	<u>437,094</u>	<u>526,458</u>	<u>3,430,640</u>	<u>560,000</u>
Total Expenditures	\$18,731,663	\$19,080,930	\$18,501,906	\$18,508,920	\$20,852,086	\$21,178,283
Adjustments	0	0	0	0	0	0
Year End Fund Balance	\$10,340,580	\$11,305,640	\$12,600,500	\$13,115,830	\$10,933,358	\$10,066,874 ^E
Excess (Deficit) Revenues Over Expenditures	\$436,573	\$965,060	\$1,294,860	\$515,330	(\$2,182,472)	(\$866,484) ¹

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

Note:

1. Appropriated fund balance is planned to be used

E. Estimated

2023-24 Adopted Budget

Revenues:

Real Property Taxes	\$2,714,763
Appropriated Fund Balance	1,054,641
Interest & Penalties	6,000
Charges for Services	6,000
Interest and Earnings	50,000
Sale of Property	24,500
Miscellaneous	350,000
State Aid	17,043,719
Medicaid Reimbursement	85,000
Interfund Transfer for Debt Service	1,016,702
Total Revenues	<u><u>\$22,351,325</u></u>

Expenditures:

General Support	\$3,257,143
Instruction	11,989,218
Transportation	1,482,352
Employee Benefits	4,211,078
Debt Service	1,251,534
Interfund Transfers	160,000
Total Expenditures	<u><u>\$22,351,325</u></u>

Source: Adopted Budget of the School District. This table is NOT audited

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>
Assets:					
Unrestricted Cash	\$1,832,420	\$2,770,061	\$2,452,779	\$4,344,643	\$4,593,808
Restricted Cash	8,362,007	9,367,382	9,103,035	9,915,254	7,602,246
Due from Other Funds	1,011,796	79,205	173,690	214,152	315,141
State and Federal Aid Receivable	303,945	206,301	257,914	284,275	134,133
Due from Other Governments	43,072	20,274	1,782,040	17,876	7,861
Other Receivables	8,625	6,524	300	2,145	1,728
Total Assets	<u>\$11,561,865</u>	<u>\$12,449,747</u>	<u>\$13,769,758</u>	<u>\$14,778,345</u>	<u>\$12,654,917</u>
Liabilities:					
Accounts Payable	\$121,385	\$131,317	\$312,574	\$143,581	\$156,505
Accrued Liabilities	188,103	283,069	204,938	260,519	252,720
Due to Other Funds	260,000	0	2,376	571,936	574,548
Deferred Revenues	0	0			
Due to Teachers' Retirement System	579,344	659,210	577,680	607,795	675,445
Due to Employees' Retirement System	72,453	70,511	71,690	78,684	62,341
Total Liabilities:	<u>\$1,221,285</u>	<u>\$1,144,107</u>	<u>\$1,169,258</u>	<u>\$1,662,515</u>	<u>\$1,721,559</u>
Fund Balances:					
Restricted	\$8,362,007	\$9,367,382	\$9,103,035	\$9,915,254	\$7,602,246
Assigned	518,517	626,658	774,943	639,526	899,919
Unassigned	1,460,056	1,311,600	2,722,522	2,561,050	2,431,193
Total Fund Balance	<u>\$10,340,580</u>	<u>\$11,305,640</u>	<u>\$12,600,500</u>	<u>\$13,115,830</u>	<u>\$10,933,358</u>
Total Liabilities and Fund Balance	<u>\$11,561,865</u>	<u>\$12,449,747</u>	<u>\$13,769,758</u>	<u>\$14,778,345</u>	<u>\$12,654,917</u>

Source: Audited Financial Reports
This table is 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.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
Bolivar-Richburg Central School District
Bolivar, New York**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of *Bolivar-Richburg Central School District* as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise *Bolivar-Richburg Central School District's* basic financial statements as listed in the table of contents. We have also audited the fiduciary fund types of the *Bolivar-Richburg Central School District* as of June 30, 2022, as displayed in the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the *Bolivar-Richburg Central School District* as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the *Bolivar-Richburg Central School District* and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 7 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the *Bolivar-Richburg Central School District's* June 30, 2021 financial statements, and our report dated September 21, 2021, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-10) and budgetary comparison information (pages 39-40) schedule of changes in District's net OPEB liability and related ratios (page 46), schedule of District contributions – OPEB (page 47), schedule of the District contributions for defined benefit pension plans (page 48) and the schedule of the District's proportionate share of the net pension asset/liability (page 49) 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 ***Bolivar-Richburg Central School District's*** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 combining and individual fund financial statements, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2022, on our consideration of the ***Bolivar-Richburg Central School District's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ***Bolivar-Richburg Central School District's*** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ***Bolivar-Richburg Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 13, 2022**

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Page 4

I. Discussion and Analysis

The following is a discussion and analysis of the *Bolivar-Richburg Central School District's* financial performance for the year ended June 30, 2022. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the *Bolivar-Richburg Central School District* during the fiscal year ended June 30, 2022:

- Overall net position of the District from operations increased during the current year in the amount of \$992,000 as compared to a decrease of \$139,000 during the prior fiscal year.
- The District's total revenue increased 4% from \$20,246,000 during June 30, 2021 to \$20,962,000 during June 30, 2022. This increase was primarily the result of Pandemic related Federal grants.
- The District's total expenses decreased 2% from \$20,385,000 during the year ended June 30, 2021 to \$19,970,000 during the year ended June 30, 2022. This decrease was mostly related to a decrease in pension expense related to actuarial updates, which was partially offset by an increase in salaries and BOCES expenses.
- The District's had capital outlays during the current year in the amount of \$1,092,000, which primarily related to costs associated with the District's capital outlay project, 2021 capital improvement project, purchase of transportation vehicles and purchase of equipment, including right-to-use assets.

III. Overview of the Financial Statements

A. Reporting the School District as a Whole (District-wide Financial Statements):

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of *Bolivar-Richburg Central School District*.

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 11) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 12) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two District-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental funds

**III. Overview of the Financial Statements
(continued)**

B. Reporting the District's Most Significant Funds (Fund Financial Statements)(continued):

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

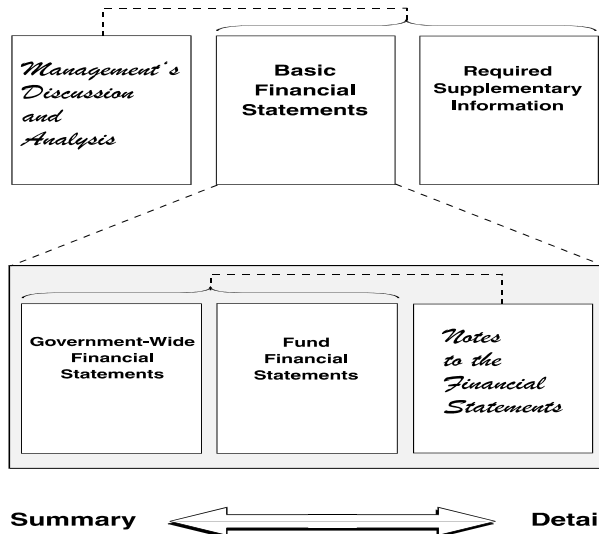
2. Fiduciary Funds

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

Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Funds used to account for resources held for the benefit of parties outside the District
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital and right-to-use assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital and right-to-use assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$38,798,000. The components of net position include: net investment in capital and right-to-use assets, of \$24,102,000; restricted net position of \$9,234,000; and unrestricted net position of \$5,462,000 as of June 30, 2022.

Changes in Net Position

The District's total government-wide revenue increased by approximately 4% to \$20,962,000. Approximately 13%, 11% and 74% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 2% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

The total cost of all programs and services of the District decreased 2% to \$19,970,000. The District's expenses cover a range of services, with 71% related to instruction and 17% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

IV. Financial Analysis of the School District as a Whole (continued)

Governmental Activities

Revenue of the District's governmental activities increased 4%, while total expenses decreased 2%. The District's total net position increased approximately \$992,000 from operations during the fiscal year ended June 30, 2022.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$20,962,000 for the fiscal year ended June 30, 2022. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 13% of the District's total revenue for governmental activities had no change during the year ended June 30, 2022.
- The District's most significant revenue is state sources which represent \$15,464,000 or 74% of total governmental revenue. The District's state sources decreased approximately 0% which was primarily related to a decrease in State building aid which was partially offset by an increase in State foundation aid.
- The District's federal sources decreased due to CARES funding recognized in the prior year.
- During the year ended June 30, 2022, the District saw an increase in program revenue in the amount of \$1,151,000 which primarily resulted from an increase in operating grants and contributions in the amount of \$1,159,000. This increase was primarily due to Pandemic related Federal grants, along with an increase in the number of meals served in the food service program during the current year.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$19,970,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support decreased by approximately \$459,000 or 12% which was primarily due to a decrease in pension expense related to actuarial updates, along with a decrease in depreciation.
- The District's instruction costs decreased by approximately \$126,000 or 1%. This decrease was the result of a decrease in pension expense related to actuarial updates, which was partially offset by increases in salaries, depreciation expense and BOCES expenses.
- Debt service of the District decreased approximately \$62,000 during the year ended June 30, 2022 related to a decrease in interest expense.
- Transportation costs of the District increased approximately \$166,000 during the year ended June 30, 2022 primarily due to decreases in pension expense related to actuarial updates and depreciation expense. These decreases were partially offset by an increase in salaries expense and fuel costs.
- The District's cost of sales (food service fund) totaled \$526,000 during the current year as compared to \$460,000 during the fiscal year ended June 30, 2021. This increase was primarily due to an increase in the number of meals served.
- The District received approximately \$2,423,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$17.5 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Position

Bolivar-Richburg Central School District
Condensed Statement of Net Position (in thousands of dollars)

	Governmental Activities and Total District-wide		
	2022	2021	% Change
Assets			
Current and other assets	\$ 23,159	\$ 16,273	42%
Capital and right-to-use assets	29,570	30,652	-4%
Total assets	52,729	46,925	12%
Deferred outflows of resources			
Deferred outflows pensions, refunding, and OPEB	4,759	4,719	1%
Total deferred outflows of resources and assets	\$ 57,488	\$ 51,644	11%
Liabilities			
Other liabilities	\$ 1,394	\$ 1,387	0%
Long-term debt outstanding	8,597	10,562	-19%
Total liabilities	9,991	11,949	-16%
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	8,699	2,379	266%
Total deferred inflows of resources and liabilities	18,690	14,328	30%
Net Position			
Net investment in capital and right-to-use assets	24,102	21,910	10%
Restricted	9,234	11,547	-20%
Unrestricted	5,462	3,859	42%
Total net position	38,798	37,316	4%
Total liabilities, deferred inflows of resources and net position	\$ 57,488	\$ 51,644	11%

Figure A-4 – Changes in Net Position

Bolivar-Richburg Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)

	Governmental Activities and Total District-wide		
	2022	2021	% Change
Revenue			
Program revenue			
Charges for services	\$ 64	\$ 72	-11%
Operating grants and contributions	2,359	1,200	97%
General revenue			
Real property taxes	2,720	2,720	0%
Use of money & property	18	25	-28%
Sale of property & comp for loss	(137)	(27)	401%
State sources	15,464	15,510	0%
Federal sources	146	309	-53%
Miscellaneous	328	437	-25%
Total revenue	20,962	20,246	4%
Expenses			
General support	3,449	3,908	-12%
Instruction	14,116	14,242	-1%
Transportation	1,656	1,490	11%
Debt service - interest	223	285	-22%
Cost of sales	526	460	14%
Total expenses	19,970	20,385	-2%
Change in net position	\$ 992	\$ (139)	

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Figure A-5 – Sources of Revenue

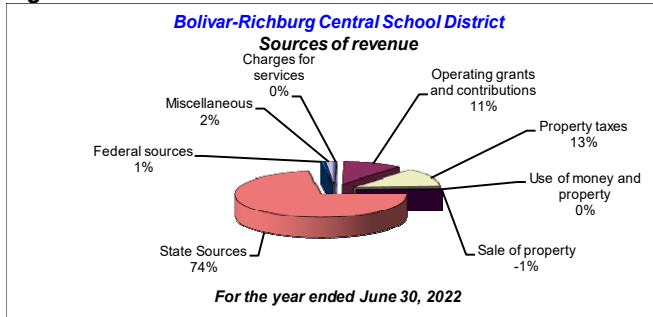


Figure A-6 - Expenses

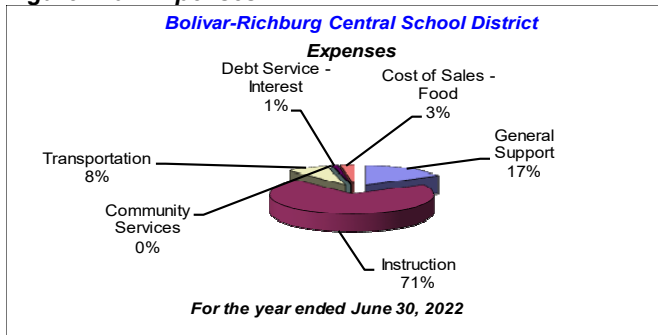


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2022		2021	
Expenditures supported with general revenue (from taxes & other sources)	\$ 17,547	88%	\$ 19,113	94%
Expenditures supported with program revenue	2,423	12%	1,272	6%
Total expenditures related to governmental activities	\$ 19,970	100%	\$ 20,385	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2022	2021	Change	2022	2021	Change
General support	\$ 3,449	\$ 3,908	\$ (459)	\$ 3,449	\$ 3,908	\$ (459)
Instruction	14,116	14,242	(126)	12,261	13,373	(1,112)
Transportation	1,656	1,490	166	1,656	1,490	166
Debt service - interest	223	285	(62)	223	285	(62)
Cost of sales - food	526	460	66	(42)	57	(99)
Total	\$ 19,970	\$ 20,385	\$ (415)	\$ 17,547	\$ 19,113	\$ (1,566)

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures and other uses exceeded its revenue and other sources by approximately \$2,182,000.
- The District's general fund unassigned fund balance equated to approximately \$2,431,000 at June 30, 2022.
- The District maintained many fund balance reserves during the year ended June 30, 2022, and had a total restricted fund balance approximated \$7,602,000.
- The District's total assets decreased approximately \$2,123,000 as of June 30, 2022, primarily from a decrease in cash. The District's liabilities increased approximately \$59,000 related to an increase in due to TRS liability.
- Total revenue in the District's general fund decreased \$355,000, primarily relating to a decrease in State building aid and CARES Act Federal aid, which was partially offset by an increase in State foundation aid. Total expenditures in the District's general fund increased by \$2,343,000 related to a transfer to the capital projects fund in the current year, which was partially offset by a decrease in debt service costs.

Food Service Fund

- The District's food service fund experienced a \$57,000 increase in fund equity during the current year.
- Revenue in the District's food service fund was \$583,000 during 2022 as compared with \$442,000 in 2021. Expenditures increased approximately \$66,000 as a result of an increase in food costs. These increase were primarily due to an increase in the number of meals served during the current year.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**V. Financial Analysis of the School District's Funds
(continued)**

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$1,034,000 or 128% which was primarily the result of Pandemic related Federal grants.

Capital Projects Fund

- The District had expenditures, including interfund transfers, in the amount of \$916,000 in capital projects during the year ended June 30, 2022, which was primarily related to costs associated with the District's 2021 capital improvement project, capital outlay project, purchase of transportation vehicles and capital improvement project.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers, which is the common method utilized to manage the budget throughout the year. Actual expenditures were approximately \$2,654,000 below the revised budget. The most significant positive variances were in the area of instruction and employee benefits which totaled \$1,602,000 and \$692,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$700,000, below the final budgeted amount. Significant variances of revenue items consisted of interfund revenue and state sources, which were approximately \$290,000 and \$371,000, respectively, below that budgeted.

Figure A-9 – Budget vs. Actual Comparison

<i>Bolivar-Richburg Central School District General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 3,160	\$ 3,060	\$ (100)	-3%
State sources	15,835	15,464	(371)	-2%
Federal sources	85	146	61	71%
Interfund revenue	290	-	(290)	-100%
Total revenue	\$ 19,370	\$ 18,670	\$ (700)	-4%
Expenditures				
General support	\$ 2,989	\$ 2,864	\$ 125	4%
Instruction	10,944	9,342	1,602	15%
Transportation	984	876	108	11%
Employee benefits	3,778	3,086	692	18%
Debt service	1,252	1,252	-	0%
Operating transfers	3,559	3,431	128	4%
Total expenditures	\$ 23,506	\$ 20,852	\$ 2,654	11%

**VII. Capital and Right-to-Use Assets and Debt
Administration**

Capital and Right-to-Use Assets

As depicted in Figure A-10, as of June 30, 2022, the District had invested approximately \$29,570,000 in a broad range of capital and right-to-use assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2022, totaled approximately \$1,092,000 and consisted primarily of costs associated with the District's capital outlay project, 2021 capital improvement project, purchase of transportation vehicles and equipment, including right-to-use equipment. More detailed information about the District's capital and right-to-use assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2022, the District had approximately \$8,597,000 in bonds, net pension liabilities, other post-employment benefits liabilities and compensated absences, a decrease of approximately 19% as compared with the previous year. The decrease in bonds payable and installment purchase debt was the result of the District making regularly scheduled principal payments. Compensated absences increased from the prior fiscal year as a result of an increase in accumulated sick days. The net pension liabilities related to New York State TRS and ERS system decreased as both pension systems changed from a net pension liability to a net pension asset in the current year as a result of actuarial updates. Also decreasing as a result of an actuarial update was other post-employment benefits.

Figure A-10 – Capital and Right-to-Use Assets

<i>Bolivar-Richburg Central School District Capital and Right-to-Use Assets (net of depreciation/amortization)</i>			
	Governmental Activities & Total District-wide		
	2022	2021	Change
Land	\$ 92,686	\$ 92,686	0%
Buildings	63,089,384	62,824,138	0%
Construction in progress	414,373	92,600	347%
Equipment	6,279,458	5,848,492	7%
Accumulated depreciation/amortization	(40,305,703)	(38,205,928)	5%
Total Capital and Right-to-Use Assets, net	\$ 29,570,198	\$ 30,651,988	-4%

Figure A-11 – Outstanding Long-term Debt

<i>Bolivar-Richburg Central School District Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2022	2021	Change
Bonds payable	\$ 6,644,360	\$ 7,583,584	-12%
Installment purchase debt	1,315,134	1,401,864	-6%
Net pension liabilities	-	951,534	-100%
Other post-employment benefits	364,052	372,396	-2%
Compensated absences	273,446	252,843	8%
Total Long-Term Debt	\$ 8,596,992	\$ 10,562,221	-19%

VIII. Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was not aware of any existing circumstances that could significantly affect its financial health in the future.

- The District is uncertain as to the level of state aid in the upcoming years as a result of the Pandemic.

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Bolivar-Richburg Central School District
Ms. Jessica Mitchell
Business Administrator
100 School Street
Bolivar, New York 14715

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Schedule 1

Page 11

	<u>2022</u>	<u>2021</u>
Assets		
Cash		
Unrestricted	\$ 4,459,894	\$ 4,168,274
Restricted	9,234,481	11,547,489
Receivables		
State and federal aid	626,972	522,712
Other receivables	1,728	2,145
Due from other governments	7,861	17,876
Inventories	14,725	14,760
Net pension assets	6,508,089	-
Cash to be used for capital assets	2,305,527	-
Capital and right-to-use assets, net	29,570,198	30,651,988
Total assets	<u>52,729,475</u>	<u>46,925,244</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	4,637,478	4,600,383
Deferred outflows related to OPEB	120,881	118,491
Total deferred outflows of resources	<u>4,758,359</u>	<u>4,718,874</u>
Total assets and deferred outflows of resources	<u>\$ 57,487,834</u>	<u>\$ 51,644,118</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 197,677	\$ 243,041
Accrued liabilities	254,642	262,976
Accrued interest	25,614	28,125
Due to other governments	96	83
Due to other fiduciary funds	87,330	154,393
Due to retirement systems	737,786	687,397
Unearned revenue	90,661	11,223
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	820,000	785,000
Installment purchase debt	89,809	86,730
Portion due or payable after one year		
Bonds payable	5,824,360	6,798,584
Installment purchase debt	1,225,325	1,315,134
Net pension liabilities	-	951,534
Other post-employment benefits	364,052	372,396
Compensated absences	273,446	252,843
Total liabilities	<u>9,990,798</u>	<u>11,949,459</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	8,648,289	2,332,868
Deferred inflows related to OPEB	50,570	45,302
Total deferred inflows of resources	<u>8,698,859</u>	<u>2,378,170</u>
Total liabilities and deferred inflows of resources	<u>18,689,657</u>	<u>14,327,629</u>
Net Position		
Net investment in capital and right-to-use assets	24,102,221	21,909,811
Restricted	9,234,481	11,547,489
Unrestricted	5,461,475	3,859,189
Total net position	<u>38,798,177</u>	<u>37,316,489</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 57,487,834</u>	<u>\$ 51,644,118</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Schedule 2

Page 12

	Expenses	Indirect Expenses Allocation	Program Revenues		2022 Net (Expense) Revenue and Changes in Net Position	2021 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 3,073,084	\$ 375,891	\$ -	\$ -	\$ (3,448,975)	\$ (3,907,897)
Instruction	12,620,620	1,495,528	38,389	1,816,657	(12,261,102)	(13,373,429)
Pupil transportation	1,014,123	641,496	-	-	(1,655,619)	(1,490,278)
Debt service	223,319	-	-	-	(223,319)	(284,878)
Food service program	526,254	-	25,352	542,617	41,715	(57,192)
Depreciation/amortization	2,512,915	(2,512,915)	-	-	-	-
Total functions and programs	\$ 19,970,315	\$ -	\$ 63,741	\$ 2,359,274	(17,547,300)	(19,113,674)
General Revenues						
Real property taxes					2,719,776	2,720,247
Use of money and property					17,871	24,786
Sale of property and compensation for gain (loss)					(137,201)	(27,383)
Miscellaneous					329,364	436,522
State sources					15,464,132	15,511,026
Federal sources					145,595	309,195
Total general revenues					18,539,537	18,974,393
Change in net position					992,237	(139,281)
Net position - beginning of year					37,316,489	37,393,615
Prior period adjustment					489,451	62,155
Net position - end of year					\$ 38,798,177	\$ 37,316,489

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022

Schedule 3

Page 13

	Governmental Funds						2022	2021
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Assets								
Unrestricted cash	\$ 4,593,808	\$ -	\$ 54,959	\$ -	\$ -	\$ -	\$ 4,648,767	\$ 4,359,967
Restricted cash	7,602,246	-	-	1,372,179	2,305,527	71,183	11,351,135	11,355,796
Due from other funds	315,141	-	-	260,056	446,046	-	1,021,243	890,747
State and federal aid receivable	134,133	387,059	105,780	-	-	-	626,972	522,712
Other receivables	1,728	-	-	-	-	-	1,728	2,145
Due from other governments	7,861	-	-	-	-	-	7,861	17,876
Inventories	-	-	14,725	-	-	-	14,725	14,760
Total assets	<u>\$ 12,654,917</u>	<u>\$ 387,059</u>	<u>\$ 175,464</u>	<u>\$ 1,632,235</u>	<u>\$ 2,751,573</u>	<u>\$ 71,183</u>	<u>\$ 17,672,431</u>	<u>\$ 17,164,003</u>
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 156,505	\$ -	\$ -	\$ -	\$ 41,172	\$ -	\$ 197,677	\$ 243,041
Accrued liabilities	252,720	1,669	253	-	-	-	254,642	262,976
Due to other funds	574,548	304,289	10,852	-	218,884	-	1,108,573	1,045,140
Unearned revenue	-	81,101	9,560	-	-	-	90,661	11,223
Due to other governments	-	-	96	-	-	-	96	83
Due to Teachers' Retirement System	675,445	-	-	-	-	-	675,445	607,795
Due to Employees' Retirement System	62,341	-	-	-	-	-	62,341	79,602
Total liabilities	<u>1,721,559</u>	<u>387,059</u>	<u>20,761</u>	<u>-</u>	<u>260,056</u>	<u>-</u>	<u>2,389,435</u>	<u>2,249,860</u>
Fund Equity								
Nonspendable	-	-	14,725	-	-	-	14,725	14,760
Restricted	7,602,246	-	-	1,632,235	-	-	9,234,481	11,547,489
Committed	-	-	-	-	-	71,183	71,183	68,363
Assigned	899,919	-	139,978	-	2,491,517	-	3,531,414	722,481
Unassigned	2,431,193	-	-	-	-	-	2,431,193	2,561,050
Total fund equity	<u>10,933,358</u>	<u>-</u>	<u>154,703</u>	<u>1,632,235</u>	<u>2,491,517</u>	<u>71,183</u>	<u>15,282,996</u>	<u>14,914,143</u>
Total liabilities and fund equity	<u>\$ 12,654,917</u>	<u>\$ 387,059</u>	<u>\$ 175,464</u>	<u>\$ 1,632,235</u>	<u>\$ 2,751,573</u>	<u>\$ 71,183</u>	<u>\$ 17,672,431</u>	<u>\$ 17,164,003</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule 4

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	Governmental Funds						2022	2021
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue								
Real property taxes	\$ 2,719,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,719,776	\$ 2,720,247
Charges for services	38,389	-	-	-	-	-	38,389	67,476
Use of money and property	17,864	-	7	-	-	-	17,871	24,786
Sale of property compensation for loss	12,736	-	-	-	-	-	12,736	8,588
Miscellaneous	271,122	-	15,266	-	-	42,976	329,364	436,522
State sources	15,464,132	401,378	10,363	-	-	-	15,875,873	15,843,187
Federal sources	145,595	1,415,279	519,829	-	-	-	2,080,703	1,160,641
Surplus food	-	-	12,425	-	-	-	12,425	16,299
Sales (school food service)	-	-	25,352	-	-	-	25,352	4,036
Total revenue	18,669,614	1,816,657	583,242	-	-	42,976	21,112,489	20,281,782
Expenditures								
General support	2,864,126	-	193,320	-	-	-	3,057,446	3,059,142
Instruction	9,342,974	1,586,448	-	-	-	-	10,929,422	10,134,290
Pupil transportation	876,146	-	-	-	328,941	-	1,205,087	1,182,898
Employee benefits	3,086,416	253,372	107,532	-	-	-	3,447,320	3,343,603
Debt service								
Principal	871,730	-	-	-	-	-	871,730	1,258,757
Interest	380,054	-	-	-	-	-	380,054	493,305
Capital outlay	-	-	-	-	587,019	-	587,019	92,600
Cost of sales	-	-	199,000	-	-	-	199,000	151,415
Other expenses	-	-	26,402	-	-	40,156	66,558	62,293
Total expenditures	17,421,446	1,839,820	526,254	-	915,960	40,156	20,743,636	19,778,303
Excess (deficiency) of revenue over expenditures	1,248,168	(23,163)	56,988	-	(915,960)	2,820	368,853	503,479
Other sources and uses								
Operating transfers in	-	23,163	-	-	3,407,477	-	3,430,640	769,729
Operating transfers out	(3,430,640)	-	-	-	-	-	(3,430,640)	(769,729)
Total other sources (uses)	(3,430,640)	23,163	-	-	3,407,477	-	-	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	(2,182,472)	-	56,988	-	2,491,517	2,820	368,853	503,479
Fund equity, beginning of year	13,115,830	-	97,715	1,632,235	-	68,363	14,914,143	14,348,509
Prior period adjustment	-	-	-	-	-	-	-	62,155
Fund equity, end of year	\$ 10,933,358	\$ -	\$ 154,703	\$ 1,632,235	\$ 2,491,517	\$ 71,183	\$ 15,282,996	\$ 14,914,143

See accompanying independent auditor's report and notes to financial statements.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2022

Schedule 5

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	Private Purpose Trusts	(Memo only) Total 6/30/2021
Assets		
Cash	\$ 22,314	\$ 22,311
Investments	3,004,706	3,470,178
Due from other funds	87,330	154,393
Total assets	<u>\$ 3,114,350</u>	<u>\$ 3,646,882</u>
Net position		
Reserved for scholarships	<u>\$ 3,114,350</u>	<u>\$ 3,646,882</u>
Total liabilities and net position	<u>\$ 3,114,350</u>	<u>\$ 3,646,882</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

Schedule 6

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	6/30/2022	(Memo only) 6/30/2021
Additions		
Gifts and contributions	\$ 9,928	\$ 7,700
Interest and dividends	50,620	43,854
Gain (loss) on investments	(421,340)	648,705
Total additions	(360,792)	700,259
Deductions		
Scholarships awarded	171,740	144,870
Total deductions	171,740	144,870
Change in net position	(532,532)	555,389
Net position - beginning of year	3,646,882	3,091,493
Net position - end of year	\$ 3,114,350	\$ 3,646,882

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Total fund balances - governmental funds \$ 15,282,996

Amounts reported for governmental activities in the statement of net position are different because:

Capital and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital and right-to-use assets consist of the following at year-end:

Cost of the assets	\$ 69,875,901	
Accumulated depreciation/amortization	<u>(40,305,703)</u>	29,570,198

District's proportionate share of the net pension assets are reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions.	6,508,089
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Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(25,614)
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Deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, pension expense is based on required contributions.	(4,010,811)
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Deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, OPEB expense is based on required contributions.	70,311
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable	(6,644,360)	
Installment purchase debt	(1,315,134)	
Other post-employment benefits	(364,052)	
Compensated absences	<u>(273,446)</u>	(8,596,992)

Total net position - governmental activities \$ 38,798,177

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 15,999,902	\$ -	\$ -	\$ (2,305,527)	\$ 13,694,375
Due from other funds	1,021,243	-	-	(1,021,243)	-
State and federal aid receivable	626,972	-	-	-	626,972
Other receivables	1,728	-	-	-	1,728
Due from other governments	7,861	-	-	-	7,861
Inventories	14,725	-	-	-	14,725
Net pension assets	-	6,508,089	-	-	6,508,089
Cash to be used for capital assets	-	-	-	2,305,527	2,305,527
Capital and right-to-use assets, net	-	29,570,198	-	-	29,570,198
Total assets	17,672,431	36,078,287	-	(1,021,243)	52,729,475
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	4,637,478	-	-	4,637,478
Deferred outflows related to OPEB	-	120,881	-	-	120,881
Total assets and deferred outflows of resources	\$ 17,672,431	\$ 40,836,646	\$ -	\$ (1,021,243)	\$ 57,487,834
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 197,677	\$ -	\$ -	\$ -	\$ 197,677
Accrued liabilities	254,642	-	-	-	254,642
Accrued interest	-	-	25,614	-	25,614
Due to other funds	1,108,573	-	-	(1,021,243)	87,330
Unearned revenue	90,661	-	-	-	90,661
Due to other governments	96	-	-	-	96
Due to retirement systems	737,786	-	-	-	737,786
Bonds payable	-	-	6,644,360	-	6,644,360
Installment purchase debt	-	-	1,315,134	-	1,315,134
Other post-employment benefits	-	-	364,052	-	364,052
Compensated absences	-	-	273,446	-	273,446
Total liabilities	2,389,435	-	8,622,606	(1,021,243)	9,990,798
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	8,648,289	-	8,648,289
Deferred inflows related to OPEB	-	-	50,570	-	50,570
Total liabilities and deferred inflows of resources	2,389,435	-	17,321,465	(1,021,243)	18,689,657
Fund equity and net position	15,282,996	40,836,646	(17,321,465)	-	38,798,177
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 17,672,431	\$ 40,836,646	\$ -	\$ (1,021,243)	\$ 57,487,834

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Total net change in fund balances - governmental funds	\$ 368,853
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. Activity for the current fiscal year ended was as follows:	
Capital outlays	\$ 1,091,611
Depreciation expense/amortization	<u>(2,512,915)</u>
	(1,421,304)
Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported.	(149,937)
Repayment of bond principal, including bond refundings, bond anticipation notes principal is an expenditure the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	871,730
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, premiums on debt obligations are recorded as revenue in the governmental funds, whereas in the statement of activities, premiums are amortized into interest expense.	156,735
District's proportionate share of actuarial calculated pension expense and net amortization of deferred outflows and inflows related to pension are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.	1,181,297
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the OPEB plan.	5,466
In the statement of activities, certain operating expenses - compensated absences, and special termination benefits - 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). This year, compensated absences and special termination benefits changed by this amount.	<u>(20,603)</u>
Change in net position of governmental activities	<u>\$ 992,237</u>

See accompanying independent auditor's report and notes to financial statements.

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Asset and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 2,719,776	\$ -	\$ -	\$ -	\$ 2,719,776
Charges for services	38,389	-	-	(38,389)	-
Use of money and property	17,871	-	-	-	17,871
Sale of property compensation for loss	12,736	(149,937)	-	-	(137,201)
Miscellaneous	329,364	-	-	-	329,364
State sources	15,875,873	-	-	(411,741)	15,464,132
Federal sources	2,080,703	-	-	(1,935,108)	145,595
Surplus food	12,425	-	-	(12,425)	-
Sales (school food service)	25,352	-	-	(25,352)	-
Total revenue	<u>21,112,489</u>	<u>(149,937)</u>	<u>-</u>	<u>(2,423,015)</u>	<u>18,539,537</u>
Expenditures					
General support	3,057,446	375,891	-	15,638	3,448,975
Instruction	10,929,422	1,319,877	20,603	(8,800)	12,261,102
Pupil transportation	1,205,087	312,555	-	137,977	1,655,619
Employee benefits	3,447,320	-	(1,186,763)	(2,260,557)	-
Debt service	1,251,784	-	(1,028,465)	-	223,319
Capital outlay	587,019	(587,019)	-	-	-
Cost of sales	199,000	-	-	(240,715)	(41,715)
Other expenses	66,558	-	-	(66,558)	-
Total expenditures	<u>20,743,636</u>	<u>1,421,304</u>	<u>(2,194,625)</u>	<u>(2,423,015)</u>	<u>17,547,300</u>
Excess (deficiency) of revenue over expenditures	<u>368,853</u>	<u>(1,571,241)</u>	<u>2,194,625</u>	<u>-</u>	<u>992,237</u>
Other sources and uses					
Operating transfers in	3,430,640	-	-	(3,430,640)	-
Operating transfers out	(3,430,640)	-	-	3,430,640	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change for year	<u>\$ 368,853</u>	<u>\$ (1,571,241)</u>	<u>\$ 2,194,625</u>	<u>\$ -</u>	<u>\$ 992,237</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the *Bolivar-Richburg Central School District* represents funds of the students of the School District. The Board of Education exercises general oversight of these funds and has adopted the guidance prescribed by the New York State Education Department for safeguarding, accounting and auditing of extraclassroom activity funds. As a result, these funds do not meet the criteria required to be reported as fiduciary funds and are reported in a governmental fund. The cash and investment balances as well as revenues and expenditures are reported in a miscellaneous special revenue fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The *Bolivar-Richburg Central School District* is one of 22 component school districts in the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed \$4,535,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to \$2,158,000 for the year ended June 30, 2022. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

C. Basis of Presentation

1. District-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants, which are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

Miscellaneous Special Revenue - is used to account for and report revenues that are restricted and committed to expenditures for student activities.

3. Fiduciary Fund Types

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. Included in the Fiduciary Fund are Private Purpose Trust Funds. Private Purpose Trust Funds are accounted for on the accrual basis of accounting.

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Inventory

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 2,000	Straight-line	15-40 years
Land improvements	2,000	Straight-line	15-40 years
Furniture and equipment	2,000	Straight-line	5-20 years
Transportation Vehicles	2,000	Straight-line	8 years

I. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represent amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

J. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the District-wide Statement of Net Position. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other outputs, differences between expected and actual experience, along with benefit payments made subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Inflows and Outflows of Resources (continued)

The District has two items that qualify for reporting in this category. First is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS Systems) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and differences between expected and actual experience.

K. Compensated Absences

Sick leave and Retirement Incentive Pay - certain of the District's employee groups have negotiated retirement incentive benefits payable based on accumulated unused sick days. Generally, the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems. The District has recorded an estimated liability in the District-wide financial statement amounting to \$273,446 to recognize the cost of the incentive benefits for those employees eligible to receive such a benefit. Payment of these benefits is dependent on many factors; therefore, the timing of future payments is not readily determinable.

The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the governmental funds.

L. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VIB, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

1. Capital and Transportation Reserves

This reserve is used to accumulate funds to finance all or a portion of future capital projects and vehicles for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. These reserves are accounted for in the General Fund.

2. Insurance Reserve

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following type of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. The reserve is recorded in the General Fund.

3. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

4. Unemployment Reserve

Unemployment Insurance Reserve is used to pay the cost of reimbursement to the State Unemployment Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either 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 basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

5. Employee Retirement Contribution Reserve

This reserve is used to accumulate funds for employee retirement system contributions. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

6. Teachers' Retirement System Reserve Subfund

This reserve is used to accumulate funds for teachers' retirement system contributions and has limits of 2% annually and 10% in total of teacher retirement system salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

7. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated or were designated by Board resolution. These reserves are accounted for in the Debt Service Fund.

8. Reserve for Repairs

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two-thirds of the Board of Education. The emergency expenditure must be repaid within the next two succeeding years. This reserve is accounted for in the General Fund.

9. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the private purpose trust fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

10. Liability Reserve

This reserve is used to accumulate funds to pay liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. The reserve is accounted for in the General Fund.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the fund balance of the extraclassroom activities as committed fund balance as of June 30, 2022.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Encumbrance Reserve

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund.

The cost of construction contract commitments generally is recorded as an encumbrance of Capital Projects Fund and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year-end are reported as reservations of fund equity since they do not constitute expenditures or liabilities. Reserve for encumbrances totaled \$33,435 as of June 30, 2022.

2. Appropriated Fund Equity

General Fund - The amount of \$866,484 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2023 as allowed by Section 1318 of the Real Property Tax Law.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide Financial Statements

A. Net investment in capital and right-to-use assets

This designation of net position is used to accumulate the capital and right-to-use asset balance in the statement of net position less accumulated depreciation/amortization and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance)
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had supplemental appropriations during the fiscal year ended June 30, 2022 in the amount of \$2,984,294 related to a transfer from the general fund to the capital projects fund as authorized by the voters.

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than the forthcoming April 1.

Q. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

R. Deferred Compensation Plan

Bolivar-Richburg Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

T. New Accounting Pronouncement

Effective July 1, 2021, the District implemented the provisions of GASB Statement No. 87, Leases, which establishes a single model for lease accounting based on the principle that leases are financings of the right- to-use an underlying asset, thereby eliminating the distinction between operating and capital leases. As a result substantially all leases are reported on the district-wide statement of net position.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

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

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

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

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

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

3. Long-term Debt Transaction Differences

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

4. Pension Differences

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

5. OPEB Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The *Bolivar-Richburg Central School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. 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 and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School Districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2022, the District's deposits were fully collateralized.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash (continued)

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2022 per the bank were approximately \$15,767,000. Deposits on hand at June 30, 2022 are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 750,000	\$ 15,017,000	\$ -	\$ 15,767,000

II. Investments

Investments are stated at current market value and are categorized as either:

- (1) Insured or registered, or investments are held by the School District or by the School District's agent in the School District's name,
- (2) Uninsured and unregistered, with the investments held by the financial institutions trust department in the School District's name;
- (3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

Private Purpose Trust	Market Value
Mutual Funds	\$ 3,004,706

These investments are held in the School District's name. The market value of the investments as of June 30, 2022 is based on unadjusted quoted prices in active markets for identical assets and liabilities.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

III. Interfund Transactions

Interfund balances and transactions as of and during the year ended June 30, 2022 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 315,141	\$ 574,548
Debt Service Fund	260,056	-
School Lunch Fund	-	10,852
Special Aid Fund	-	304,289
Capital Fund	446,046	218,884
Private Purpose Trust Fund	87,330	-
Total	\$ 1,108,573	\$ 1,108,573

	Interfund Revenue	Interfund Expenditures
General Fund	\$ -	\$ 3,430,640
School Lunch Fund	-	-
Special Aid Fund	23,163	-
Capital Fund	3,407,477	-
Debt Service Fund	-	-
Total	\$ 3,430,640	\$ 3,430,640

During the year ended June 30, 2022, the District transferred \$3,407,477 from the general fund to the capital fund towards the new capital project (\$2,984,296), capital outlay project (\$94,240) and transportation vehicles (\$328,941). The District transferred \$23,163 from the general fund to the special aid fund which represents the local share of the summer school program.

IV. Receivables

Receivables at June 30, 2022 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Special Aid	State and Federal Aid	\$ 387,059
Food Service	State and Federal Aid	105,780
General	State and Federal Aid	134,133
General	Other Receivables	1,728
General	Due from Other Governments	7,861
		\$ 636,561

V. Capital and Right-to-Use Assets

A. Right-to-Use Asset

The District reported right-to-use assets net of amortization as of June 30, 2022 in the amount of \$527,435. More information related to the right-to-use assets is disclosed in Note 7.

B. Additions

Total additions, including right-to-use assets, during the current year amounted to \$1,091,611.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

V. Capital and Right-to Use Assets (continued)

C. Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

Governmental activities:	Beginning Balance 06/30/21	Net change	Ending Balance 06/30/22
Capital assets that are not depreciated:			
Land	\$ 92,686	\$ -	\$ 92,686
Construction-in-progress	92,600	321,773	414,373
Capital assets that are depreciated:			
Buildings and improvements	62,824,138	265,246	63,089,384
Furniture and equipment	5,848,492	(389,475)	5,459,017
Total historical cost	68,857,916	197,544	69,055,460
Less accumulated depreciation:			
Buildings and improvements	34,884,520	2,145,908	37,030,428
Furniture and equipment	3,321,408	(339,139)	2,982,269
Total accumulated depreciation	38,205,928	\$ 1,806,769	40,012,697
Total net book value	\$ 30,651,988		\$ 29,042,763

D. Depreciation and Amortization

Depreciation and amortization expense was charged to governmental functions during the current year as follows:

General support	\$ 375,891
Instruction	1,495,528
Pupil transportation	641,496
	<u>\$ 2,512,915</u>

VI. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

a. Teachers' Retirement System (TRS) continued

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

b. Employees' Retirement System (ERS).

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

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent 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 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. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year	TRS	ERS
2022	\$ 604,000	\$ 333,000
2021	\$ 569,000	\$ 278,000
2020	\$ 522,000	\$ 275,000

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

Measurement date	ERS 3/31/2022	TRS 6/30/2021
Net pension asset (liability)	\$ 584,340	\$ 5,923,749
District's portion of the Plan's total net pension Liability	.0071482%	.034184%

For the year ended June 30, 2022, the District's recognized pension expense of \$62,544 for ERS and \$(333,289) for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 44,253	\$ 816,526	\$ 57,398	\$ 30,776
Changes of assumptions	975,198	1,948,445	16,455	345,041
Net difference between projected and actual earnings on pension plan investments	-	-	1,913,468	6,199,816
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	126,938	59,928	34,889	50,446
District's contributions subsequent to the measurement date	62,341	603,849	-	-
Total	\$ 1,208,730	\$ 3,428,748	\$ 2,022,210	\$ 6,626,079

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, including pension contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ending:	ERS	TRS
2023	\$ (119,549)	\$ (758,366)
2024	(194,643)	(897,310)
2025	(480,652)	(1,126,987)
2026	(80,977)	(1,498,695)
2027	-	282,471
Thereafter	-	197,707

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/22	6/30/21
Actuarial valuation date	4/1/21	6/30/20
Interest rate	5.9%	6.95%
Salary scale	4.4% average 4/1/15 – 3/31/20	1.95% - 5.18% 7/1/15 – 6/30/20
Decrement tables	System's Experience	System's Experience
Inflation rate	2.7%	2.4%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

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, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020, applied on a generational basis.

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. 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.

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

Measurement date	ERS 3/31/22	Expected Rate of Return	TRS 6/30/21	Expected Rate of Return
Asset Type:				
Domestic equity	32%	3.30%	33%	6.8%
International equity	15%	5.85%	16%	7.6%
Global equity	-%	-%	4%	7.1%
Private equity	10%	6.50%	8%	10.0%
Real Estate	9%	5.00%	11%	6.5%
Opportunistic/ARS portfolio	3%	4.10%	-%	-%
Credit	4%	3.78%	-%	-%
Real assets	3%	5.58%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.3%
Global fixed income securities	-%	-%	2%	0.8%
Real estate debt	-%	-%	7%	3.3%
Private debt	-%	-%	1%	5.9%
High-yield fixed income	-%	-%	1%	3.8%
Fixed Income	23%	-%	-%	-%
Cash	1%	-1.0%	1%	(.2)%
Total:	<u>100%</u>		<u>100%</u>	

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate

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

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension asset/ (liability)	\$ (1,504,084)	\$ 584,340	\$ 2,331,206

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

6. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption (continued)

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ 621,611	\$ 5,923,749	\$ 10,379,810

7. Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS 3/31/22	TRS 6/30/21
Employers' total pension liability	\$ 223,874,888	\$ 130,819,415
Plan net position	\$ 232,049,473	\$ 148,148,457
Employers' net pension asset (liability)	\$ 8,174,585	\$ 17,329,042
Ratio of plan net position to be Employers' total pension asset (liability)	103.65%	113.2%

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 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 \$62,341.

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 \$675,445 (employer contribution \$603,849 and employee contributions of \$71,596).

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2022 the plan had total active employees of 132 and retirees of 23.

Total OPEB Liability

The District's total OPEB liability of \$364,052 was measured as of July 1, 2021.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year Based on NYSTRS and NYSERS valuations as of June 30, 2019 and March 31, 2020, respectively
Salary increases	2.19% as of June 30, 2022
Discount rate	7.5% for 2021, decreasing 0.5% to 4.5% for 2028 and later.
Healthcare cost trend rates	Retirees pay the full cost of coverage with the exception of certain administrators
Retirees' share of benefit-related costs	

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds.

Mortality rates were based on the MP-2021 Headcount Weighted Mortality Tables.

The actuarial assumptions used for the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2018 - July 1, 2019.

Changes in the Total OPEB Liability

Service cost	\$	14,247
Interest		9,902
Differences between expected and actual experience		(13,801)
Changes in assumptions		10,248
Benefit payments		(28,940)
Net changes		(8,344)
Net OPEB liability – beginning of year		372,396
Net OPEB liability – end of year	\$	<u>364,052</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.66% in 2021 to 2.19% in 2022. Health care trend rate from 7.5%-4.5% in 2021 to 7.5%-4.5% in 2022.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.19%) or 1 percentage point higher (3.19%) that the current discount rate:

	1% Decrease (1.19%)	Current Assumption (2.19%)	1% Increase (3.19%)
Total OPEB liability	\$ 386,435	\$ 364,052	\$ 342,488

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (initial rate of 6.5% decreasing by .5% annually until reaching 3.5%)	Current Assumption (initial rate of 7.5% decreasing by .5% annually until reaching 4.5%)	1% Increase (initial rate of 8.5% decreasing by .5% annually until reaching 5.5%)
Total OPEB liability	\$ 329,326	\$ 364,052	\$ 404,188

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

For the year ended June 30, 2022, the District recognized OPEB expense in the amount of \$28,278. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,496	\$ 34,889
Benefit payments subsequent to the measurement date	34,744	-
Changes in assumptions	53,641	15,681
Total	\$ 120,881	\$ 50,570

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

Year ending:	
2023	\$ 5,129
2024	5,129
2025	5,129
2026	5,128
2027	2,279
Thereafter	12,773

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

The District may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds.

State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District had no Bond Anticipation Notes outstanding as of June 30, 2022.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

1. Short-Term Debt (continued)

b. Short-Term Debt Interest

The District had interest on short-term debt for the year ended June 30, 2022 in the amount of \$-.

2. Long-Term Debt

a. Debt Limit

At June 30, 2022, total indebtedness represents 41% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the Statement of Net Position. The provisions to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. The District also has issued installment purchase debt over the years to finance the purchase of transportation vehicles and buses.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2022 and 2021 are as follows:

	Balance		Balance
	June 30, 2022		June 30, 2021
2012 Serial Bonds	\$ 1,065,444	\$	1,525,760
2015 Serial Bonds	-		-
2016 Serial Bonds	802,354		896,524
2020 Serial Bonds	4,776,562		5,161,300
Installment Purchase			
Debt	1,315,134		1,401,864
Other post-			
employment benefits	364,052		372,396
Compensated			
absences	273,446		252,843
Net pension liability -			
ERS	-		6,003
Net pension liability -			
TRS	-		945,531
	\$ 8,596,992		\$ 10,562,221

During the year, the District made principal payments on its serial bonds in the amount of \$785,000 and made payments on an equipment lease related to the energy performance contract in the amount of \$86,730. The District had amortization of bond premiums in the amount of \$154,224. The change in compensated absences was a net increase of \$20,603 during the fiscal year ended June 30, 2022. The net change in other post-employment benefits was a decrease of \$8,344 during the fiscal year ended June 30, 2022. Lastly, the District's proportionate share of the net pension liability related to ERS and TRS decreased by \$951,534 during the current year, as both pension systems were reported as net pension assets in the current year.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity

1. The following is a summary of long-term debt outstanding:

Serial Bonds, issued in 2012 with a maturity date of 2028, bonds carry interest at 3.0%-5.0%.	\$	1,035,000
Plus: unamortized bond premium on bond issuance.		30,444
	\$	<u>1,065,444</u>

Serial Bonds, issued in 2016 through DASNY with a maturity date of 2030, bonds carry interest at 2.0%-5.0%.	\$	720,000
Plus: unamortized bond premium on bond issuance.		82,354
	\$	<u>802,354</u>

Serial Bonds, issued in 2020 through DASNY with a maturity date of 2033 bonds carry interest at 5.0%.	\$	4,110,000
Plus: unamortized bond premium on bond issuance.		666,562
	\$	<u>4,776,562</u>

Installment Purchase Debt related to energy performance project, issued in 2019 with a final renewal term ending in 2034, carry interest at 3.550% per annum.	\$	1,315,134
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2. The following is a summary of maturing debt service requirements for serial bonds and installment purchase debt:

Year	Serial Bonds – 2012	
	Principal	Interest
2023	\$ 455,000	\$ 50,438
2024	480,000	27,688
2025	25,000	3,688
2026	25,000	2,438
2027	25,000	1,688
2028	25,000	875
Total	<u>\$ 1,035,000</u>	<u>\$ 86,815</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Year	Serial Bonds – 2016	
	Principal	Interest
2023	\$ 75,000	\$ 35,100
2024	80,000	31,350
2025	85,000	27,350
2026	90,000	23,100
2027	90,000	19,500
2028-2030	300,000	30,500
Total	<u>\$ 720,000</u>	<u>\$ 166,900</u>

Year	Serial Bonds – 2020	
	Principal	Interest
2023	\$ 290,000	\$ 205,500
2024	305,000	191,000
2025	320,000	175,750
2026	335,000	159,750
2027	350,000	143,000
2028-2032	2,040,000	433,250
2033	470,000	23,500
Total	<u>\$ 4,110,000</u>	<u>\$ 1,331,750</u>

Year	Installment Purchase Debt	
	Principal	Interest
2023	\$ 89,809	\$ 46,687
2024	92,997	43,499
2025	96,298	40,198
2026	99,717	36,779
2027	103,257	33,239
2028-2032	573,942	108,539
2033-2034	259,114	13,878
Total	<u>\$ 1,315,134</u>	<u>\$ 322,819</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Refunding of Long-Term Debt

In prior years, the District defeased other general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability or the defeased bonds are not included in the District's financial statements.

f. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$380,054 for the year ended June 30, 2022.

g. Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Fund Equity

A. Classifications

The District's fund equity is comprised of the follow components:

<u>Fund</u>	<u>Reservation Purposes</u>	<u>Balance June 30, 2022</u>
Nonspendable:		
Food Service	Inventory	\$ 14,725
Restricted:		
General	Liability reserve	\$ 501,953
	Unemployment reserve	209,728
	Reserve for insurance	1,275,008
	Reserve for retirement system contributions	628,413
	TRS contribution reserve subfund	434,718
	Capital reserve	2,150,858
	Capital transportation reserve	1,531,292
	Repair reserve	66,616
	Employee benefits reserve	803,660
		<u>\$ 7,602,246</u>
Debt Service	Reserve for debt service	\$ 1,632,235
Private Purpose	Reserve for endowment scholarships	\$ 3,114,350
Committed:		
Miscellaneous Special Revenue	Extraclassroom fund balance	\$ 71,183
Assigned:		
General	Appropriated fund balance	\$ 866,484
	Reserve for encumbrances	33,435
		<u>\$ 899,919</u>
Food Service	Assigned fund balance	\$ 139,978
Capital Projects	Assigned fund balance	\$ 2,491,517

B. District-wide Net Position

Net position of the District include restricted net position of \$9,234,481 which represent restricted amounts in the general and debt service funds as presented above.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VIII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The *Bolivar-Richburg Central School District* is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

2. Risk Sharing Pools

For its employee health and accident coverage, *Bolivar-Richburg Central School District* is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 22 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$100,000 per insured event. The Cattaraugus-Allegany Regional Medical Plan obtains independent coverage for insured events in excess of this amount.

The *Bolivar-Richburg Central School District* also participates in a risk sharing pool, Cattaraugus-Allegany BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds.

Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VIII. Commitments and Contingencies (continued)

C. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$340,000 as of June 30, 2022 for accumulating non-vesting sick leave.

D. Litigation

The District, in the normal course of its operations, is involved in various other litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

NOTE 4 - CAPITAL PROJECTS

On December 8, 2021, the voters of the District approved an \$15,375,600 renovation project. The proposed budget of this capital project included expenditures for architectural and improvement costs to its Bolivar, Richburg and Pre-Kindergarten campuses. Expenditures related to the project totaled \$492,779 during the year ended June 30, 2022.

The District also had costs associated with a capital outlay project in the amount of \$94,240 during the year ended June 30, 2022.

Lastly, during the current year the District purchased transportation vehicles in the amount of \$328,941 with capital reserve funds transferred from the general fund.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 – FAIR VALUE MEASUREMENTS

As noted in Note 3II, the District has investments that are reported at fair value in the Statement of Fiduciary Net Position. GASB 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs on the hierarchy consist of unadjusted quoted prices in active markets and have the highest priority. Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities. Level 3 inputs have the lowest priority and consist of assets and liabilities that are measured on a recurring basis using unobservable inputs. The District had \$3,004,706 of investments in mutual funds related to a scholarship endowment that is considered to be a level 1 input.

NOTE 6 – COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

Also, in March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$242,000 of CARES Act assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. During the year ending June 30, 2021, the District spent the full amount of its CARES Act allocation.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$727,000 of CRRSA Act assistance to the District. During the years ended June 30, 2022 and 2021, the District has expended \$364,397 and \$0, respectively, of the CRRSA funds.

Lastly, in March 2021, the American Rescue Plan (ARP) Act was passed which provided further assistance to school districts. The New York State Department of Education has allocated approximately \$3,341,000 of ARP Act assistance to the District. During the years ended June 30, 2022 and 2021, the District has expended \$494,579 and \$0, respectively, of the CRRSA funds.

The District also provided free breakfast and lunches to all students (except those who opted out) through the Seamless Summer Option Program.

NOTE 6 – COVID-19 PANDEMIC (continued)

Given the uncertainty regarding the COVID-19 Pandemic, the overall financial impact to the District cannot be reasonably predicted or estimated at this time.

NOTE 7 – RIGHT-TO-USE ASSETS/LEASES

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2022:

	Balance 7/1/21 As restated	Additions
Right-to-use asset	\$ 650,107	\$ 170,334
Accumulated amortization	(160,656)	(132,350)
	<u>\$ 489,451</u>	<u>\$ 37,984</u>
		Balance 6/30/22
	Deletions	
Right-to-use asset	\$ -	\$ 820,441
Accumulated amortization	-	(293,006)
	<u>\$ -</u>	<u>\$ 527,435</u>

NOTE 8 – PRIOR PERIOD ADJUSTMENTS

The District implemented GASB 87, Leases, during the year ended June 30, 2022, which resulted in a prior period adjustment related to agreements made for various IT and computer equipment that were already in place as of July 1, 2021, and which GASB 87 requires retroactive application of these agreements. The District's net position increased \$489,451 as a result of the prior period adjustment which represents the remaining book value of its right to use assets.

During the year ended June 30, 2021, implementation of GASB No. 84 required prior period adjustments for the governmental and fiduciary funds. This adjustment was needed to move the beginning balances of amounts previously reported as fiduciary funds to the respective governmental funds. Total extraclassroom activity funds of \$62,155 were reclassified from fiduciary funds to governmental funds as of July 1, 2020.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 13, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 2,714,763	\$ 2,714,763	\$ 2,716,726	\$ 1,963
Real property tax items	6,000	6,000	3,050	(2,950)
Charges for services	48,500	48,500	38,389	(10,111)
Use of money and property	50,000	50,000	17,864	(32,136)
Sale of property and compensation for loss	500	500	12,736	12,236
Miscellaneous	340,000	340,000	271,122	(68,878)
State Sources:				
Basic formula	13,764,725	13,764,725	13,477,445	(287,280)
BOCES	2,003,553	2,003,553	1,922,057	(81,496)
Textbooks	38,445	38,445	36,085	(2,360)
All other aid	28,502	28,502	28,545	43
Federal Sources:				
Medicaid reimbursement	85,000	85,000	145,595	60,595
Total revenue	19,079,988	19,079,988	18,669,614	(410,374)
Other Sources				
Operating transfer in	290,000	290,000	-	(290,000)
Total revenue and other sources	19,369,988	19,369,988	\$ 18,669,614	\$ (700,374)
Supplemental appropriation - capital reserve transfer	-	2,984,294		
Appropriated fund equity and carryover encumbrances	1,111,702	1,151,228		
Total revenue, other sources and appropriated fund equity	\$ 20,481,690	\$ 23,505,510		

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 17,900	\$ 17,900	\$ 13,603	\$ -	\$ 4,297
Central administration	223,566	223,566	221,777	-	1,789
Finance	237,538	246,138	235,660	10,000	478
Staff	428,535	428,535	479,774	-	(51,239)
Central services	1,753,966	1,756,399	1,605,538	-	150,861
Special items	316,749	316,749	307,774	-	8,975
Instructional:					
Instruction, administration and improvement	838,445	838,445	782,767	2,399	53,279
Teaching - regular school	4,986,771	5,014,434	4,104,689	15,046	894,699
Programs for children with handicapping conditions	2,715,207	2,715,207	2,176,472	-	538,735
Teaching - special schools	22,500	22,500	12,150	-	10,350
Occupational education	721,039	721,039	700,173	-	20,866
Instructional media	687,634	687,964	717,928	-	(29,964)
Pupil services	943,902	943,902	848,795	2,295	92,812
Pupil Transportation	983,059	983,559	876,146	3,695	103,718
Community services	-	-	-	-	-
Employee Benefits	3,778,095	3,778,095	3,086,416	-	691,679
Debt Service:					
Debt service principal	871,730	871,730	871,730	-	-
Debt service interest	380,054	380,054	380,054	-	-
Total expenditures	19,906,690	19,946,216	17,421,446	33,435	2,491,335
Other Uses:					
Transfer to other funds	575,000	3,559,294	3,430,640	-	128,654
Total other uses	575,000	3,559,294	3,430,640	-	128,654
Total expenditures and other uses	\$ 20,481,690	\$ 23,505,510	20,852,086	\$ 33,435	\$ 2,619,989
Excess (deficiency) of revenue and other sources over expenditures and other uses			\$ (2,182,472)		

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS1A

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	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ -	\$ 10,363	\$ 10,363
Federal sources	-	519,829	519,829
Sales	-	25,352	25,352
Miscellaneous	-	15,266	15,266
Surplus food	-	12,425	12,425
Use of money and property	-	7	7
Total revenue	-	583,242	583,242
Expenditures			
General support	-	193,320	(193,320)
Employee benefits	-	107,532	(107,532)
Cost of sales	-	199,000	(199,000)
Other expenses	-	26,402	(26,402)
Total expenditures	-	526,254	(526,254)
Deficiency of revenue over expenditures	-	56,988	56,988
Other sources			
Transfer from general fund	-	-	-
Deficiency of revenue and other sources over expenditures and other uses	\$ -	56,988	\$ 56,988
Fund equity, beginning of year		97,715	
Fund equity, end of year		\$ 154,703	

* The District did not prepare a budget for its food service fund for the year ended June 30, 2022.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS2

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 20,481,690
Additions:	
Prior year encumbrances	<u>39,526</u>
Original Budget	20,521,216
Budget Revisions:	
Supplemental appropriation - transfer to the capital project fund	<u>2,984,294</u>
Final budget	<u><u>\$ 23,505,510</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 voter-approved expenditure budget	\$ 21,178,283
Maximum allowed (4% of 2022-23 budget)	\$ 847,131

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	899,919
Unassigned fund balance	<u>2,431,193</u>
Total unrestricted fund balance	<u>3,331,112</u>
Less:	
Appropriated fund balance	866,484
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	<u>33,435</u>
Total adjustments	<u>899,919</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,431,193</u></u>
Actual percentage	<u><u>11.5%</u></u>

* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: 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.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECTS EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	(Overexpended) Balance	Proceeds of Obligations	State Sources	Local Sources	Total	Balance June 30, 2022
2021 Capital Outlay	\$ 100,000	\$ 100,000	\$ -	\$ 94,240	\$ 94,240	\$ 5,760	\$ -	\$ -	\$ 94,240	\$ 94,240	\$ -
2021 Capital Improvement Project	15,375,600	15,375,600	-	492,779	492,779	14,882,821	-	-	2,984,296	2,984,296	2,491,517
Smart Schools Bond Act Project	533,951	533,951	531,591	-	531,591	2,360	-	531,591	-	531,591	-
Buses - current year	415,000	415,000	-	328,941	328,941	86,059	-	-	328,941	328,941	-
	<u>\$ 16,424,551</u>	<u>\$ 16,424,551</u>	<u>\$ 531,591</u>	<u>\$ 915,960</u>	<u>\$ 1,447,551</u>	<u>\$ 14,977,000</u>	<u>\$ -</u>	<u>\$ 531,591</u>	<u>\$ 3,407,477</u>	<u>\$ 3,939,068</u>	<u>\$ 2,491,517</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS4A

Page 43

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school*	N/A	2022	\$ 115,813	\$ 115,813	\$ 115,813
Universal Pre-kindergarten	0409-22-7053	2022	294,431	294,431	294,431
Mentor Teacher	0663-22-0117	2022	14,400	14,297	14,297
State Breakfast and Lunch Program	N/A	2022	10,363	10,363	10,363
			<u>\$ 435,007</u>	<u>\$ 434,904</u>	<u>\$ 434,904</u>

* Revenue includes transfer of \$23,163 from general fund for local share toward applicable expenditures.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Bolivar-Richburg Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable program and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Note 2 - Non-monetary Federal Program

The accompanying **Bolivar-Richburg Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2022, the District reported in the Schedule of Federal Awards \$12,425 of donated commodities at fair market value received and disbursed.

Note 3 - Indirect Cost Rate

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

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
U.S. Department of Education:					
Passed through NYS Department of Education:					
Title I, Part A	84.010A	0021-22-0140	\$ 292,188	\$ 290,091	\$ 290,091
Title IIA	84.367A	0147-22-0140	31,126	36,284	36,284
Title IV - SSAE Allocation	84.424A	0204-22-0140	21,673	16,345	16,345
Title V - Part B - Rural and Low Income Schools	84.358B	0006-21-0140	13,882	13,882	13,882
COVID-19 ARP ESSER 3	84.425U	5880-21-0140	1,633,357	166,883	166,883
COVID-19 ARP SLR Summer Enrichment	84.425U	5882-21-0140	243,945	112,906	112,906
COVID-19 ARP SLR Comprehensive Learning	84.425U	5883-21-0140	243,945	25,343	25,343
COVID-19 ARP SLR Learning Loss	84.425U	5884-21-0140	1,219,692	189,447	189,447
COVID-19 CRRSA ESSER 2	84.425D	5891-21-0140	726,749	364,397	364,397
IDEA Part B, Section 611 *	84.027A	0032-22-0039	195,693	194,826	194,826
IDEA Part B, Section 619 *	84.173A	0033-22-0039	5,149	4,875	4,875
Total U.S. Department of Education				1,415,279	1,415,279
U.S. Department of Agriculture:					
Passed through NYS Department of Education:					
COVID-19 Supply Chain Assistance Program **	10.555	N/A	N/A	18,337	18,337
COVID-19 National School Breakfast Program - Seamless Summer Option **	10.553	N/A	N/A	136,795	136,795
COVID-19 National School Lunch Program - Seamless Summer Option **	10.555	N/A	N/A	360,725	360,725
COVID-19 - National Summer Food Program **	10.559	N/A	N/A	3,972	3,972
Passed through NYS Office of General Services:					
National School Lunch Program **					
Non-Cash Assistance (Commodities)	10.555	N/A	N/A	12,425	12,425
Total U.S. Department of Agriculture				532,254	532,254
Total expenditures and revenue				\$ 1,947,533	\$ 1,947,533

* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of 199,701

** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of 532,254

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL
AND RIGHT-TO-USE ASSETS
AS OF JUNE 30, 2022

Schedule SS5

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Capital and Right-to-Use Assets	\$ 29,570,198
Less:	
Serial bonds	(6,644,360)
Installment purchase debt	(1,315,134)
Plus:	
Assets in capital project less related liabilities	<u>2,491,517</u>
Net investment in capital and right-to-use assets	<u><u>\$ 24,102,221</u></u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2022

Schedule SS6

Page 46

As of the measurement date of July 1,	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 14,247	\$ 11,865	\$ 11,366	\$ 10,689	\$ 12,441
Interest	9,902	10,718	12,467	12,216	11,982
Differences between expected and actual experience	(13,801)	32,563	(17,661)	11,949	(21,696)
Changes in assumptions	10,248	35,885	7,799	(13,430)	(15,248)
Benefit payments	(28,940)	(24,065)	(38,283)	(47,832)	(58,036)
Net change in total OPEB liability	(8,344)	66,966	(24,312)	(26,408)	(70,557)
Total OPEB liability - beginning	372,396	305,430	329,742	356,150	426,707
Prior period adjustment	-	-	-	-	-
Total OPEB liability - ending	<u>\$ 364,052</u>	<u>\$ 372,396</u>	<u>\$ 305,430</u>	<u>\$ 329,742</u>	<u>\$ 356,150</u>
Plan fiduciary net position					
Contributions - employer	\$ 28,940	\$ 24,065	\$ 38,283	\$ 47,832	\$ 58,036
Net investment income	-	-	-	-	-
Benefit payments	(28,940)	(24,065)	(38,283)	(47,832)	(58,036)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 364,052</u>	<u>\$ 372,396</u>	<u>\$ 305,430</u>	<u>\$ 329,742</u>	<u>\$ 356,150</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	<u>\$ 7,882,451</u>	<u>\$ 7,690,196</u>	<u>\$ 7,147,735</u>	<u>\$ 6,973,400</u>	<u>\$ 7,195,130</u>
District's net OPEB liability as a percentage of covered-employee payroll	4.62%	4.84%	4.27%	4.73%	4.95%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate from 2.66% as of 7/1/20 to 2.19% as of 7/1/21

Health care trend rates from 8.00% to 4.50% as of 7/1/20 to 7.50% to 4.50% as 7/1/21

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2022

Schedule SS7

Page 47

For the year ended June 30,	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 28,940	\$ 24,065	\$ 38,283	\$ 47,832	\$ 58,036
Contributions in relation to the actuarially determined contribution	(28,940)	(24,065)	(38,283)	(47,832)	(58,036)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,882,451	\$ 7,690,196	\$ 7,147,735	\$ 6,973,400	\$ 7,195,130
Contributions as a percentage of District's covered-employee payroll	0.37%	0.31%	0.54%	0.69%	0.81%

Notes to Schedule:

Valuation date: July 1, 2020 with results actuarially projected on a "no gain / no loss" basis to get to the July 1, 2021 measurement date

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	2.66% as of July 1, 2020 and 2.19% as of July 1, 2021
Inflation	2.50% per year
Health care cost trend rates	Health care trend rates have been reset to an initial rate of 7.50% decreasing by 0.50% annually to an ultimate rate of 4.50%.
Salary increases	The salary scale for Teachers and Administrators is based on the NYSTRS valuation as of June 30, 2020. Payroll growth for Support Staff employees is based on the NYERS valuation as of March 31, 2021.
Mortality	SOA Pub-2010 Headcount Weighted Mortality Table fully generational using Scale MP-2020
Retiree Cost Sharing	Retirees are required to contribute the portion of premiums not covered by the District's explicit subsidy.
Participants	173 Active and 20 Retirees

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2022

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 603,849	\$ 569,377	\$ 521,777	\$ 611,676	\$ 536,673	\$ 651,423	\$ 700,697	\$ 919,367	\$ 841,100
Contributions in relation to the contractually required contribution	(603,849)	(569,377)	(521,777)	(611,676)	(536,673)	(651,423)	(700,697)	(919,367)	(841,100)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,161,724	\$ 5,974,575	\$ 5,889,131	\$ 5,759,661	\$ 5,476,255	\$ 5,558,217	\$ 5,284,291	\$ 5,244,535	\$ 5,176,000
Contributions as a percentage of District's covered-employee payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

New York State Local Employees' Retirement System

For the year ended March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 332,651	\$ 277,711	\$ 275,028	\$ 278,019	\$ 286,102	\$ 275,993	\$ 311,838	\$ 327,156	\$ 364,198
Contributions in relation to the contractually required contribution	(332,651)	(277,711)	(275,028)	(278,019)	(286,102)	(275,993)	(311,838)	(327,156)	(364,198)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,063,065	\$ 2,005,927	\$ 1,999,469	\$ 2,011,708	\$ 1,956,830	\$ 1,907,366	\$ 1,801,098	\$ 1,765,763	\$ 1,754,043
Contributions as a percentage of District's covered-employee payroll	16.12%	13.84%	13.76%	13.82%	14.62%	14.47%	17.31%	18.53%	20.76%

See accompanying independent auditor's report.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET/LIABILITY – NYSTRS AND DISTRICT'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2022

New York State Teachers' Retirement System - Net Pension Asset (Liability)

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	n/a	0.034184%	0.034218%	0.034506%	0.033620%	0.034862%	0.034245%	0.034914%	0.035040%	0.034604%
District's proportionate share of the net pension asset (liability)	n/a	\$ 5,923,749	\$ (945,531)	\$ 896,475	\$ 607,931	\$ 264,989	\$ (366,774)	\$ 3,626,436	\$ 3,903,274	\$ 227,781
District's covered-employee payroll	n/a	\$ 5,974,575	\$ 5,889,131	\$ 5,759,661	\$ 5,476,255	\$ 5,558,217	\$ 5,284,291	\$ 5,244,535	\$ 5,176,000	\$ 5,067,390
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	99.15%	-16.06%	15.56%	11.10%	4.77%	-6.94%	-69.15%	-75.41%	-4.50%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

New York State Local Employees' Retirement System - Net Pension Asset (Liability)

As of the measurement date of March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	0.0071482%	0.0060291%	0.0065449%	0.0065369%	0.0063104%	0.0063389%	0.0068004%	0.0063293%	n/a	n/a
District's proportionate share of the net pension asset (liability)	\$ 584,340	\$ (6,003)	\$ (1,733,133)	\$ (463,158)	\$ (203,665)	\$ (595,616)	\$ (1,092,123)	\$ (213,822)	\$ (286,014)	n/a
District's covered-employee payroll	\$ 2,063,065	\$ 2,005,927	\$ 1,999,469	\$ 2,011,708	\$ 1,956,830	\$ 1,907,366	\$ 1,801,098	\$ 1,765,763	\$ 1,754,043	n/a
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	28.32%	-0.30%	-86.68%	-23.02%	-10.41%	-31.23%	-60.64%	-12.11%	-16.31%	n/a
Plan fiduciary net position as a percentage of the total pension asset (liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a



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

**To the President and
Members of the Board of Education
Bolivar-Richburg Central School District
Bolivar, 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 and each major fund of *Bolivar-Richburg Central School District* as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise *Bolivar-Richburg Central School District's* basic financial statements and have issued our report thereon dated October 13, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered *Bolivar-Richburg Central School District's* internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Bolivar-Richburg Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Bolivar-Richburg Central School District's* internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item II.A.2022-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Bolivar-Richburg Central School's* financial statements are free of 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 determination of financial statement amounts. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2022-002.

Bolivar-Richburg Central School District's Responses to Findings

Bolivar-Richburg Central School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. *Bolivar-Richburg Central School's* responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing, and not provided 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 13, 2022**



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

**To the President and
Members of the Board of Education
Bolivar-Richburg Central School District
Bolivar, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited *Bolivar-Richburg Central School District's* compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. *Bolivar-Richburg Central School District's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, *Bolivar-Richburg Central School District* complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on *Bolivar-Richburg Central School District's* compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about *Bolivar-Richburg Central School District* with the requirements of each major federal program as a whole.

Auditor's Responsibilities for the Audit of Compliance (continued)

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ***Bolivar-Richburg Central School District's*** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ***Bolivar-Richburg Central School District's*** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ***Bolivar-Richburg Central School District's*** internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that may be material weakness 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.

Purpose of this Report

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 13, 2022**

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> </u> <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<u> </u> <input checked="" type="checkbox"/> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> <input checked="" type="checkbox"/> yes	<u> </u> no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> </u> <input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> </u> <input checked="" type="checkbox"/> none reported

Type of auditor's opinion issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)

<u> </u> yes	<u> </u> <input checked="" type="checkbox"/> no
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Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 1,947,533</u>

Identification of Major Programs Tested:

COVID-19 ARP ESSER 3	84.425U	\$ 166,883
COVID-19 ARP SLR Summer Enrichment	84.425U	112,906
COVID-19 ARP SLR Comprehensive Learning	84.425U	25,343
COVID-19 ARP SLR Learning Loss	84.425U	189,447
COVID-19 CRRSA ESSER 2	84.425D	<u>364,397</u>
Total major programs tested		<u>\$ 858,976</u>
% of Federal programs tested		<u>44%</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk?	<u> </u> <input checked="" type="checkbox"/> yes	<u> </u> no
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II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2022-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2022

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for GASB 34 purposes and implementation of GASB 84. In addition, a draft of the financial statements was prepared by the auditors and reviewed and approved by the District.

Cause and Effect: AU-C Section 265 entitles Communicating Internal Control related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statement to be indicative of an internal controls deficiency. Without assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and, in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

School District's Response: As of the date of the audit report, the School Business Administrator has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the School Business Administrator believes she has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2022-002 Unassigned Fund Balance

Year ended June 30, 2022

Conditions and criteria: **Bolivar-Richburg Central School District's** unassigned fund balance in the general fund as of June 30, 2022 amounted to \$2,431,193. This amount constitutes 11.5% of the 2022-2023 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditor's Recommendation: **Bolivar-Richburg Central School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

School District's Response: The District Administration, School Business Administrator and Superintendent of Schools, and Board of Education, has and will continue to closely monitor fund equity in the future and will review all options with regard to reservation and designation of fund balance. Due to past uncertainty related to State Aid, the District Administration and Board of Education determined it would be prudent to maintain unappropriated fund balance in excess of the recommended levels.

The District will continue to manage future fund balance in accordance with recommendations. In addition, the District Administration has reviewed each of its reserves and documented the rationale for their levels. The Business Administrator and Superintendent works in collaboration with the Board of Education in order to develop this Reserve Plan, which was last updated by the Board and Administration and adopted in February 2021. This plan is to be updated and adopted annually by March 1.

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2022

There are no findings related to compliance being reported upon during the fiscal year June 30, 2022.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2022

There are no findings related to internal control over compliance being reported upon during the fiscal year June 30, 2022.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2021-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2021

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures. During the year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2022 as finding 2022-001.

B. COMPLIANCE AND OTHER MATTERS

2021-002 Unassigned Fund Balance

Year ended June 30, 2021

Summary of Prior Year Finding: *Bolivar-Richburg Central School District's* unassigned fund balance as of June 30, 2021 amounted to \$2,561,050. This amount constituted approximately 12.5% of the 2021-2022 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

In addition, the District also has certain reserves (insurance, liability, retirement and repair) whose balances were at levels that could not be substantiated with supporting documentation.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2022 as finding 2022-002.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2021

There were no findings related to compliance reported upon during the fiscal year June 30, 2021.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2021

There were no findings related to internal control over compliance during the fiscal year June 30, 2021.



**To the President and Members of the
Board of Education
and School Administration
Bolivar-Richburg Central School District
Bolivar, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2022 of the District's financial statements and have issued our reports thereon dated October 13, 2022. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Bolivar-Richburg Central School District* for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2018 through June 30, 2022. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Bolivar-Richburg Central School* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

The analysis of the use of the District's fund equity shows that the District maintains a number of reserves. The reserves presented here are only those that are reported in the General Fund. The uses and legal restrictions of each of these reserve categories are listed in the footnotes to the financial statements. These reserves reduce the amount of the District's unassigned fund equity.

We have reviewed the financial statements extensively with the Audit Committee, School Superintendent and the Business Manager. We believe these individuals have a good understanding of the financial condition of the District as well as the comments expressed in our annual report. We have enjoyed working with the District this year and wish to thank all of the staff who have assisted us during our audit.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 13, 2022**

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
REVENUE AND EXPENDITURES COMPARISON AND ANALYSIS OF FUND
EQUITY - GENERAL FUND (AMOUNTS IN \$1,000)

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Revenue and other sources					
Property taxes	\$ 2,720	\$ 2,720	\$ 2,720	\$ 2,719	\$ 2,725
State aid	15,464	15,511	16,363	16,399	15,838
All other	485	793	714	928	605
	<u>18,669</u>	<u>19,024</u>	<u>19,797</u>	<u>20,046</u>	<u>19,168</u>
Expenditures and other uses					
General support	2,864	2,886	2,762	2,595	2,721
Instruction	9,343	9,366	9,601	10,189	9,612
Transportation	876	784	768	811	807
Benefits	3,086	3,195	3,045	3,176	3,011
Debt	1,252	1,752	1,889	1,904	1,764
Transfers	3,431	526	437	406	816
	<u>20,852</u>	<u>18,509</u>	<u>18,502</u>	<u>19,081</u>	<u>18,731</u>
Excess (deficiency) of revenue over expenditures	(2,183)	515	1,295	965	437
Fund equity					
Beginning of year	<u>13,116</u>	<u>12,601</u>	<u>11,306</u>	<u>10,341</u>	<u>9,904</u>
End of year	<u>\$ 10,933</u>	<u>\$ 13,116</u>	<u>\$ 12,601</u>	<u>\$ 11,306</u>	<u>\$ 10,341</u>
Analysis of fund equity					
Restricted					
Reserve for repairs	\$ 67	\$ 67	\$ 67	\$ 67	\$ 67
Employee benefit reserve	804	804	804	804	804
Reserve for capital	3,682	6,095	5,393	5,773	4,892
Reserve for retirement system	628	628	628	628	614
Reserve for TRS	435	335	225	110	-
Reserve for property loss	501	501	501	500	500
Reserve for insurance	1,275	1,275	1,275	1,275	1,275
Reserve for unemployment insurance	210	210	210	210	210
Assigned					
Reserve for encumbrances	33	40	175	127	19
Next year's budget	866	600	600	500	500
Unassigned	<u>2,432</u>	<u>2,561</u>	<u>2,723</u>	<u>1,312</u>	<u>1,460</u>
	<u>\$ 10,933</u>	<u>\$ 13,116</u>	<u>\$ 12,601</u>	<u>\$ 11,306</u>	<u>\$ 10,341</u>

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Page 3

Future Governmental Accounting Standards – GASB 96

In 2020, the Governmental Accounting Standards Board issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which will be effective for the fiscal year ending June 30, 2023. The new standard (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new SBITA standard, which may include continuing education, webinars and further training.

District response: The District will participate in trainings or webinars on the topics when they become available.

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT

**EXTRACLASROOM ACTIVITY FUND
FINANCIAL STATEMENT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**

**BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
EXTRAClassroom Activity Fund**

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INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Bolivar-Richburg Central School District
Bolivar, New York**

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the *Bolivar-Richburg Central School District* for the year ended June 30, 2022, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of *Bolivar-Richburg Central School District* for the year ended June 30, 2022 on the basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the *Bolivar-Richburg Central School District* and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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 Extraclassroom Activity Fund of *Bolivar-Richburg Central School District's* ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the **Bolivar-Richburg Central School District's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Bolivar-Richburg Central School District's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Bolivar-Richburg Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 13, 2022**

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2021 THROUGH JUNE 30, 2022

	Balances July 01, 2021	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2022
Extracurricular activities:					
Business/Marketing Club	\$ 1,720	\$ 499	\$ 2,219	\$ 523	\$ 1,696
Class of 2021	5,583	-	5,583	103	5,480
Class of 2022	3,942	4,222	8,164	6,499	1,665
Class of 2023	1,520	3,656	5,176	3,370	1,806
Class of 2024	1,143	12,628	13,771	7,607	6,164
Class of 2025	-	7,649	7,649	5,093	2,556
Clothing Store	644	-	644	65	579
Ecology Club	596	178	774	279	495
FCCLA	1,727	321	2,048	89	1,959
FFA	-	152	152	-	152
Junior NHS	48	-	48	33	15
International Travel Club	1,995	7,500	9,495	-	9,495
Language Club	182	-	182	-	182
Library Club	1,451	-	1,451	-	1,451
National Honor Society	625	-	625	-	625
Rachel's Challenge	612	-	612	-	612
SADD	3,241	67	3,308	1,000	2,308
Sales Tax	96	128	224	141	83
Science Club	6,009	1,402	7,411	412	6,999
Sentinel	339	-	339	-	339
Ski Club	1	-	1	-	1
Student Council	11,334	44	11,378	1,491	9,887
Theatre Club	4,921	1,730	6,651	3,043	3,608
Yearbook Club	20,634	2,800	23,434	10,408	13,026
Total activity fund	\$ 68,363	\$ 42,976	\$ 111,339	\$ 40,156	\$ 71,183

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

Page 4

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are included in the financial statements of the School District. However, cash balances of \$71,183 are included in the Miscellaneous Special Revenue Fund as restricted cash, with a corresponding amount recorded as a committed fund balance.

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



To the President and Members of the
Board of Education
and School Administration
Bolivar-Richburg Central School District
Bolivar, New York

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of *Bolivar-Richburg Central School District* as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered *Bolivar-Richburg Central School District's* internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Bolivar-Richburg Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Bolivar-Richburg Central School District's* internal control.

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

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

This communication is intended solely for the information and use of management, Board of Education, and others within *Bolivar-Richburg Central School District*, and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 13, 2022**

October 13, 2022

To the Audit Committee
and Board of Education
Bolivar-Richburg Central School
Bolivar, New York

We have audited the financial statements of Bolivar-Richburg Central School as of and for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bolivar-Richburg Central School are described in Note 1 to the financial statements. During the current year, the District implemented Governmental Accounting Standards Board Statement Number 87, Leases. The implementation of this new standard resulted in prior period adjustment in the financial statements. We noted no transactions entered into by Bolivar-Richburg Central School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

Management's estimate of depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension liability (TRS), a net pension liability (ERS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3V and COVID-19 Pandemic in Note 6 to the financial statements, due to their significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 13, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Bolivar-Richburg Central School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedule of changes in District's net OPEB liability and related ratios, schedule of District's contributions - OPEB, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, including combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board and management of Bolivar-Richburg Central School and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York

October 13, 2022

APPENDIX C

FORM OF DISCLOSURE UNDERTAKING

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Bolivar-Richard Central School District, Allegany County, New York (the “Issuer”) in connection with the issuance of its \$7,000,000 Bond Anticipation Note(s), 2023 or interests therein (such Note(s), including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

- (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 or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, 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 obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. 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 pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; 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 2. Definitions.

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

“Financial Obligation” means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” means 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 Disclosure Undertaking.

“Purchaser” means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

“Security Holder” means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure 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 Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure 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 Disclosure Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking 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 Security Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) 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 Disclosure 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 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Disclosure 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, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of [November 30, 2023].

BOLIVAR-RICHBURG CENTRAL SCHOOL DISTRICT
ALLEGANY COUNTY, NEW YORK

By: _____ SPECIMEN _____
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk