

OFFICIAL STATEMENT DATED SEPTEMBER 5, 2024

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Bond Counsel, under the existing statutes, regulations and court decisions, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is excludable from gross income for Federal income tax purposes, and, under the existing statutes, interest on the Notes is exempt from New York State and New York City personal income taxes. In the opinion of Bond Counsel, interest on the Notes is not an item of tax preference for purposes of Federal alternative minimum tax imposed on individuals, however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. No opinion is expressed regarding other Federal tax consequences arising with respect to the Notes. See "Tax Exemption" herein.

The Notes will be designated, or deemed designated, as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

\$5,000,000
CHAZY UNION FREE SCHOOL DISTRICT
CLINTON COUNTY, NEW YORK

\$5,000,000 Bond Anticipation Notes, 2024

At an Interest Rate of 4.00% to Yield 3.25%
CUSIP #162663 CC0

Dated: September 19, 2024

Due: June 26, 2025

The Notes are general obligations of the Chazy Union Free School District, Clinton County, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to applicable statutory limitations. See "Nature of the Obligation" and "Tax Levy Limitation Law" herein. The Notes will be issued without the option of prepayment, with interest payable at maturity.

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an unqualified legal opinion as to the validity of the Notes of Bond, Schoeneck & King, PLLC of Syracuse, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the Purchaser(s), on or about September 19, 2024.

PIPER | SANDLER

THIS REVISED OFFICIAL STATEMENT SUPPLEMENTS THE OFFICIAL STATEMENT OF THE SCHOOL DISTRICT DATED AUGUST 30, 2024 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12. OTHER THAN AS SET FORTH ON THIS REVISED COVER PAGE AND THE DATED DATE ON PAGE 41, THERE HAVE BEEN NO MATERIAL REVISIONS TO SAID OFFICIAL STATEMENT.

DATED: September 5, 2024

**CHAZY UNION FREE SCHOOL DISTRICT
CLINTON COUNTY, NEW YORK**

School District Officials

2024-25 BOARD OF EDUCATION

Craig Giroux - President
Daniel Bernard - Vice President

Lee Barcomb
Jason Bruce
Chris Demers
Timothy Howley
Mary Lapierre-Board Clerk



Robert McAuliffe – Superintendent
Kaitlin Tetrault – Business Manager
Kaitlyn Breton – District Clerk



School District Attorneys

Stafford Owens Piller Murnane Kelleher & Trombley, PLLC

BOND COUNSEL

Bond, Schoneck & King, PLLC

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

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OFFICIAL STATEMENT

of the

CHAZY UNION FREE SCHOOL DISTRICT CLINTON COUNTY, NEW YORK

Relating To

\$5,000,000 Bond Anticipation Notes, 2024

This Official Statement, which includes the cover page, has been prepared by the Chazy Union Free School District, Clinton County, New York (the “District”, “County” and “State,” respectively) in connection with the sale by the School District of \$5,000,000 Bond Anticipation Notes, 2024 (the “Notes”).

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

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

DESCRIPTION OF THE NOTES

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

The Notes are dated September 19, 2024 and mature, without option of prior redemption, June 26, 2025. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued as registered notes, and at the option of each purchaser, may be registered to The Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of such purchaser.

If the Notes will be 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. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of 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 “Book-Entry-Only System” herein).

If the Notes are registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk, Chazy, New York. In such case, the Notes will be issued in registered form in denominations of \$5,000, or multiples thereof.

Nature of the Obligation

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

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

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

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

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

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

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

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the *Flushing National Bank* (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in *Flushing National Bank v. Municipal Assistance Corp.*, 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge

as a direct constitutional mandate. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in *Quirk*, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

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

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

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

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, the Local Finance Law, and pursuant to a bond resolution dated March 14, 2023, authorizing the renovation, reconstruction, improvement, rehabilitation, repairing, furnishing and/or equipping the District's buildings, grounds and facilities.

The proceeds of the Notes will provide \$5,000,000 in new monies for the aforementioned purpose.

Book-Entry Only System

If the Notes are issued in registered book-entry form, The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. In such case, 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, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the 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 not its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal and interest 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

DTC may discontinue providing its services with respect to the Notes at any time by giving reasonable notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Notes will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Notes when due will be payable upon presentation at the principal corporate trust office of a bank or trust company located and authorized to do business and act as a fiscal agent in the state of New York to be named by the District. Notes may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for the Notes of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in Certificate of Determination executed by the President of the Board of Education authorizing the sale of the Notes and fixing the details thereof and in accordance with the Local Finance Law.

THE DISTRICT

General Information

The District encompasses an area of approximately 44.5 square miles. The character of the District is primarily rural with the majority of homes being single family. The District is situated in the northeast corner of New York State in the eastern sector of Clinton County. It includes portions of the Towns of Chazy, Beekmantown and Champlain. The City of Plattsburgh is located approximately 10 miles south.

The District is located 10 miles south of the United States/Canadian border and is bounded by Lake Champlain to the east. The Canadian City of Montreal is approximately 60 miles to the north and the City of Albany, New York, is approximately 150 miles to the south.

The major highway accessing the District is Interstate Highway #87. Population clusters and commercial development activity are concentrated along this transportation corridor. Also, this highway provides easy access to the Plattsburgh area for many District residents who commute to employment in the City and recently abandoned United States Air Force Base at Plattsburgh which is experiencing a period of civilian commercial redevelopment.

District Population

The 2022 population of the School District is estimated to be 2,870. (Source: 2022 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2018-2022</u>	<u>2000</u>	<u>2006-2010</u>	<u>2018-2022</u>
Towns Of:						
Beekmantown	\$18,792	\$27,800	\$38,990	\$45,915	\$76,055	\$88,446
Champlain	18,987	24,191	31,721	46,113	56,736	81,801
Chazy	18,125	23,500	36,120	47,589	61,032	100,405
County Of:						
Clinton	17,946	22,660	34,834	45,732	60,280	86,712
State Of:						
New York	23,389	30,948	47,173	51,691	67,405	99,066

Note: 2019-2023 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 2018-2022 American Survey data.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Current Maximum Capacity</u>	<u>Date of Last Addition or Alteration</u>
Chazy Central	K-12	1954	3,000	2016

District Employees

The School District employs 88* full-time and 2 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>
Chazy Teachers' Association	54	6/30/2027
Civil Service Employees' Association	29	6/30/2025
Individuals	7	Various

* Does not include 2 vacancies.

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2019-20	459	2024-25	469
2020-21	427	2025-26	464
2021-22	452	2026-27	453
2022-23	467	2027-28	453
2023-24	466	2028-29	457

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

The District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2023-2024 and 2024-2025 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-2019	\$122,887	\$330,032
2019-2020	133,441	348,210
2020-2021	121,263	305,769
2021-2022	127,728	341,906
2022-2023	86,573	358,743
2023-2024 (Budgeted)	145,000	360,000
2024-2025 (Budgeted)	175,500	410,000

Source: Audited financial statements for the 2018-2019 fiscal year through the 2022-2023 fiscal year and the adopted budgets of the District for the 2023-2024 and 2024-2025 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 not currently have early retirement incentive programs for its employees.

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

A chart of average ERS and TRS rates as a percent of payroll (2018-19 to 2023-24) is show below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-2019	14.9%	10.62%
2019-2020	14.6	8.86
2020-2021	14.6	9.53
2021-2022	16.2	9.80
2022-2023	11.6	10.29
2023-2024	13.1	9.76

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

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

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

Stable Rate Pension Contribution Option - The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 12.5% for TRS. The pension contribution rates under this program would reduce near-term payments for employers; but will require higher than normal contributions in later years.

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

The State’s 2019-2020 Enacted Budget 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. As of the date of this Official Statement, the District has not yet determined whether it will establish such a fund.

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, 2023, the School District's beginning year total OPEB liability was \$54,959,301 the net change for the year was (\$4,134,141) resulting in a total OPEB liability of \$50,825,160 for a fiscal year ending June 30, 2023. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2023 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>
Chazy Union Free School District	Public Education	87
Miner Institute	Educational Research Institution	65
Coastal Express	Trucking	32
Chazy Orchards	Farm	30
Giroux's Poultry Farm Inc.	Farm	30
Riley Ford	Car Dealership	20
Chazy Hardware	Hardware Store	10
Town of Chazy	Municipality	10
Plastitel	Manufacturing	8
Stewart's	Convenience Store	8

Source: District Officials

Unemployment Rate Statistics

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

Year	Clinton County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2019	4.2%	3.8%	3.7%
2020	8.0%	10.0%	8.3%
2021	4.6%	6.9%	3.9%
2022	3.3%	4.3%	3.6%
2023	3.5%	4.2%	3.7%

2023-2024 Monthly Figures

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Clinton	3.6%	3.8%	3.3%	3.4%	3.4%	4.0%	4.5%	4.5%	4.2%	3.8%	3.7%	3.7%
New York State	4.2%	4.5%	4.2%	4.4%	4.2%	4.4%	4.3%	4.5%	4.2%	3.9%	4.2%	4.3%

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

Investment Policy

Pursuant to the statutes of the State, the School District is permitted to temporarily invest moneys which are not required for immediate expenditures with the exception of moneys the investment of which is otherwise provided for by law, only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State; (5) with the approval of the State Comptroller, tax anticipation notes and revenue anticipation notes issued by any State municipality, school district or district corporation, other than the School District; (6) obligations of a State public benefit corporation which are made lawful investments for the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivision of the State; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. The statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

Form of School Government

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

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 2022-23 fiscal year was adopted by the qualified voters on May 17, 2022 by a vote of 235 to 105. The School District's 2022-23 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2023-24 fiscal year was adopted by the qualified voters on May 16, 2023 by a vote of 249 to 101. The School District's 2023-24 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024 by a vote of 232 to 94. The School District's 2024-25 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2024-25 fiscal year, approximately 53.39% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

There can be no assurance that the State 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.

The amount of State aid to school districts is dependent in part upon the financial condition of 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. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017, the 2023-24 State budget which was not adopted until May 3, 2023 and the 2024-25 State budget which was not adopted until April 20, 2024. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State school districts in the State which could adversely affect the financial condition of school districts in the State.

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.

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, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Federal Aid Received by the State –

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

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

\$1,194,186 in ARP funds and \$413,235 in CRRSA funds. As of June 30, 2024, the District has received \$668,953 in ARP funds and \$413,235 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's 2017-2018 Enacted Budget increased State aid to education by \$1.1 billion, including a \$700 million increase in Foundation Aid, bringing the total amount of State aid to education to \$25.8 billion or an increase of 4.4%. Expense based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017- 18Enacted Budget continued to link school aid increases for 2017-2018 and 2018-2019 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

The State's 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's 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. 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's 2021-22 Enacted Budget included \$29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget 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'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 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.

The State's 2023-2024 Enacted Budget was enacted on May 3, 2023 and provides for a total of \$34 billion in State funding to school districts for the 2023-2024 school year. The State's 2023-2024 Enacted Budget represents a \$3.2 billion or 10.4% increase in State funding for education, and includes a \$2.629, or 12.3% percent Foundation Aid increase.

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

State Aid Litigation - In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State,

reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

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

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

- FY 2022: \$19.8 billion, covering 30% of existing shortfall
- FY 2023: Approximately \$21.3 billion, cover 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 2023-24 and 2024-25 fiscal years.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2018-2019	\$ 10,007,911	\$ 4,584,741	45.81%
2019-2020	10,617,264	4,738,708	44.63
2020-2021	10,842,579	4,864,050	44.86
2021-2022	12,169,126	5,300,651	43.56
2022-2023	11,452,177	5,371,615	46.90
2023-2024 (Budgeted)	12,756,024	6,714,501	52.64
2024-2025 (Budgeted)	13,814,203	7,374,805	53.39

Source: Audited financial statements for the 2018-2019 fiscal year through the 2022-2023 fiscal year and the adopted budgets of the District for the 2023-2024 and 2024-2025 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 OSC system creates an overall fiscal stress score which classifies whether a district is in "significant fiscal stress", in "moderate fiscal stress", as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation". This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	No Designation	6.7
2022	No Designation	0.0
2021	No Designation	6.7
2020	No Designation	6.7
2019	No Designation	6.7

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

State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on December 22, 2021. The purpose of the audit was to determine whether the District maximized Medicaid reimbursements by submitting claims for all eligible Medicaid services provided for the period July 1, 2019 through June 30, 2021.

Key Findings

The District did not maximize Medicaid reimbursements by submitting claims for all eligible Medicaid services provided.

- Claims were not submitted and reimbursed for 651 eligible Medicaid services provided. Had these services been claimed, the District could have realized revenues totaling \$12,875.
- The District lacked adequate procedures to ensure Medicaid claims were submitted and reimbursed.

Key Recommendations

- Establish procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services provided.
- Review all unclaimed services and submit any eligible claims for reimbursement.

District officials generally agreed with the recommendations and have initiated, or indicated they planned to initiate corrective action.

There are no State Comptroller's 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, 2023 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:					
Beekmantown	\$5,851,071	\$6,219,932	\$6,006,411	\$7,089,125	\$7,830,576
Champlain	40,102,694	40,814,689	\$40,898,946	\$48,570,238	\$54,404,909
Chazy	<u>199,838,917</u>	<u>201,663,616</u>	<u>\$206,250,945</u>	<u>\$248,102,145</u>	<u>\$278,215,108</u>
Total	<u>\$245,792,682</u>	<u>\$248,698,237</u>	<u>\$253,156,302</u>	<u>\$303,761,508</u>	<u>\$340,450,593</u>
Equalization Rates:					
Beekmantown	100.00%	100.00%	100.00%	100.00%	100.00%
Champlain	100.00%	100.00%	100.00%	100.00%	100.00%
Chazy	100.00%	100.00%	100.00%	100.00%	100.00%
Full Valuations:					
Beekmantown	\$5,851,071.00	\$6,219,932.00	\$6,006,411.00	\$7,089,125.00	\$7,830,576.00
Champlain	40,102,694	40,814,689	40,898,946	48,570,238	54,404,909
Chazy	<u>199,838,917</u>	<u>201,663,616</u>	<u>206,250,945</u>	<u>248,102,145</u>	<u>278,215,108</u>
Total	<u>\$245,792,682</u>	<u>\$248,698,237</u>	<u>\$253,156,302</u>	<u>\$303,761,508</u>	<u>\$340,450,593</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>
Beekmantown	\$ 21.12	\$ 21.32	\$ 20.91	\$ 17.89	\$ 16.33
Champlain	21.12	21.32	20.91	17.89	16.33
Chazy	21.12	21.32	20.91	17.89	16.33

Tax Collection Procedure

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

Tax Collection Record

Fiscal Year Ended June 30:	2020	2021	2022	2023	2024*
Total Tax Levy	\$5,191,240	\$5,304,006	\$5,294,575	\$5,435,162	\$5,559,932
Amount Uncollected	245,486	196,796	165,156	178,036	695,952
% Uncollected	4.73%	3.71%	3.12%	3.28%	12.52%

Note: * Collection figures as of 11/30/2023.

Real Property Tax Revenues

Fiscal Year	Total Revenues	Total Real Property Taxes	Percentage of Total Revenues Consisting of Real Property Taxes
2018-2019	\$ 10,007,911	\$ 4,864,595	48.61%
2019-2020	10,617,264	5,244,689	49.40
2020-2021	10,842,579	5,354,199	49.38
2021-2022	12,169,126	5,353,216	43.99
2022-2023	11,452,177	5,491,406	47.95
2023-2024 (Budgeted)	12,756,024	5,559,932	43.59
2024-2025 (Budgeted)	13,814,203	5,688,648	41.18

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

Major Taxpayers 2023

For 2023-24 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Full Value</u>
Giroux Poultry Farm, Inc	Farm	\$16,421,100
Rovers Farm Inc	Farm	10,605,300
Giroux Grain Farm, LLC	Farm	9,687,100
NYSEG	Utility	7,979,892
North Country Gas Pipeline	Utility	6,656,637
Giroux Orchards, LLC	Agriculture	5,415,000
D&H Corporation	Commercial	2,344,054
Monty's Bay Recreation, Inc	Commercial-RV Campsite	1,776,000
Laurin Angele	Residential	1,757,500
Level 3 Communications LLC	Utility	1,399,162
Total		\$64,041,745

1. The above taxpayers represent 18.81% of the School District's 2023-24 Full value of \$340,450,593

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris 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, 2023 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 \$93,200 or less in 2023 and \$98,700 or less in 2024, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$81,400 for the 2023-24 school year and the first \$84,000 for the 2024-25 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

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

The 2022-23 State Budget provided \$2.2 billion in State funding for a new one-time 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.

Real Property Tax Rebate

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

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

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

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

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015 and was signed into law by the Governor on June 26, 2015. The program began in 2016 and was fully phased in 2019.

TAX LEVY LIMITATION LAW

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

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

The Tax Levy Limit Law requires that a school district hereafter submit its proposed tax levy (not its proposed budget) to the voters each year, and imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI, as described in the Law. Tax levies that do not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a tax levy in excess of the limit. In the event the voters reject the tax levy, the school district's tax levy for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year, without any stated exceptions.

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

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency

notes. “Capital Local Expenditures”, are defined as “the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law”. The portion of the tax levy necessary to support “Capital Local Expenditures” is defined as the “Capital Tax Levy” and is an exclusion from the tax levy limitation.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other 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) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

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

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

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

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

Debt Limit. Pursuant to the Local Finance Law, 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.

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
Serial Bonds	\$4,485,000	\$4,968,236	\$4,551,082	\$3,705,000	\$3,035,000
Bond Anticipation Notes	0	0	0	0	0
Other Debt ¹	0	0	0	0	0
Total Debt Outstanding	\$4,485,000	\$4,968,236	\$4,551,082	\$3,705,000	\$3,035,000

¹ Represents Installment Obligations

Status of Outstanding Bond Issues

Year of Issue:	2017A	
Amount Issued:	\$1,495,000	
Purpose/Instrument:	DASNY-Capital Project	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2025	\$105,000	\$43,500
2026	110,000	38,250
2027	120,000	32,750
2028	125,000	26,750
2029	130,000	20,500
2030	135,000	14,000
2031	<u>145,000</u>	<u>7,250</u>
Totals:	\$ 870,000	\$ 183,000

Year of Issue:	2017F		2020	
Amount Issued:	\$2,200,000		\$1,043,236	
Purpose/Instrument:	Refunding of 2011B DASNY Bonds		Serial Bonds - BOCES	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$580,000	\$29,000	\$45,000	\$23,119
2026	-	-	45,000	21,994
2027	-	-	45,000	20,869
2028	-	-	45,000	19,744
2029	-	-	50,000	18,619
2030	-	-	50,000	17,369
2031	-	-	50,000	16,119
2032	-	-	55,000	14,869
2033	-	-	55,000	13,494
2034	-	-	60,000	12,119
2035	-	-	60,000	10,619
2036	-	-	60,000	9,119
2037	-	-	65,000	7,544
2038	-	-	65,000	5,838
2039	-	-	65,000	4,050
2040	-	-	<u>70,000</u>	<u>2,100.00</u>
Totals:	\$ 580,000	\$ 29,000	\$ 885,000	\$ 217,581

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>
2025	\$730,000	\$95,619	\$825,619	29.86%
2026	155,000	60,244	215,244	37.65%
2027	165,000	53,619	218,619	45.56%
2028	170,000	46,494	216,494	53.39%
2029	180,000	39,119	219,119	61.31%
2030	185,000	31,369	216,369	69.14%
2031	195,000	23,369	218,369	77.04%
2032	55,000	14,869	69,869	79.57%
2033	55,000	13,494	68,494	82.04%
2034	60,000	12,119	72,119	84.65%
2035	60,000	10,619	70,619	87.21%
2036	60,000	9,119	69,119	89.71%
2037	65,000	7,544	72,544	92.33%
2038	65,000	5,838	70,838	94.89%
2039	65,000	4,050	69,050	97.39%
2040	<u>70,000</u>	<u>2,100</u>	<u>72,100</u>	100.00%
Totals:	\$ 2,335,000	\$ 429,581	\$ 2,764,581	

Status of Short-Term Indebtedness

The District has no outstanding short-term indebtedness.

Cash Flow Borrowings

The District has not issued revenue anticipation notes since the 2009-10 fiscal year and does not anticipate the need to issue revenue or tax anticipation notes in the near future.

Capital Project Plans

The District approved an \$8,500,000 Capital Project on February 7, 2023. This project will consist of renovation, reconstruction, improvement rehabilitation, repairing, furnishing and/or equipping the District's buildings, grounds, and facilities. This includes , but is not limited to, existing pond upgrades, athletic field reconstruction, fencing replacement, sidewalk replacement ramp and stair reconstruction, interior renovations, classroom and restroom reconstruction, stage and auditorium alterations, and plumbing system upgrades.

This is the first borrowing against said authorization.

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 84.7%.

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 August 29, 2024

<u>Town</u>	<u>Taxable Assessed</u> <u>Valuation</u>	<u>State</u> <u>Equalization</u> <u>Rate</u>	<u>Taxable Full</u> <u>Valuation</u>
Beekmantown	\$ 7,830,576	100.00%	\$ 7,830,576
Champlain	54,404,909	100.00%	54,404,909
Chazy	278,215,108	100.00%	278,215,108
Total			<u>\$ 340,450,593</u>
Debt Limit: 10% of Full Valuation			\$ 34,045,059
Inclusions:			
Serial Bonds			<u>\$ 2,335,000</u>
Total Inclusions:			<u>\$ 2,335,000</u>
Exclusions:			
Building Aid Estimate ¹			<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 2,335,000
This Issue			<u>5,000,000</u>
Total Net Indebtedness After Giving Effect to This Issue			<u>\$ 7,335,000</u>
Net Debt Contracting Margin			\$ 26,710,059
Percentage of Debt-Contracting Power Exhausted			21.54%

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>
Clinton County	\$ 340,450,593		\$ 51,000,585	N/A	\$ 51,000,585	\$ 3,177,799
Town of Beekmantown	\$ 7,830,576		\$ 3,035,143	N/A	\$ 3,035,143	\$ 57,144
Town of Champlain	\$ 54,404,909		\$ 9,887,400	N/A	\$ 9,887,400	\$ 1,356,431
Town of Chazy	\$ 278,215,108		\$ 549,164	N/A	\$ 549,164	\$ 512,999
Fire District Chazy	\$ 52,500		\$ -	N/A	\$ -	
Village of Champlain	\$ 60,789,700		\$ 708,800	N/A	\$ 708,800	
Total						<u>\$ 5,104,372</u>

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2022.

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 August 29, 2024:

	Amount	Per Capita	(a) Percentage of Full Value	(b)
Net Indebtedness	\$ 7,335,000	\$ 2,555.75	2.154%	
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 12,439,372	\$ 4,334.28	3.654%	

(a) The District's estimated population is 2,870. (Source: 2022 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2023-24 is \$340,450,593.

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriations for State aid to school districts will be continued in futures years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the

State has such monies available, therefore. The availability of such monies and the timelines of such payments may also be affected by a delay in the adoption of the State budget and other circumstances, including state fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available, therefore.

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

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

Current and future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Bonds, or tax status of interest on the 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 COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. Pursuant to an Executive Order of the Governor, the School District was closed from March 16, 2020 through the end of the 2019-20 school year. The School District reopened in September, 2020 and has continued to operate during the 2020-21 and 2021-22 school years in a manner that was consistent with guidelines established by the State. Efforts to contain the spread of COVID-19 have reduced the spread of the virus and the restrictions put in place following the initial outbreak have been relaxed. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State government to address it may negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the School District's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. Any resurgence of COVID-19 could have a material adverse effect on the State and municipalities and school districts located in the State, including the School District. The School District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

Tax Exemption

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations, however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the Notes owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust (“FASIT”). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate (the “Tax Certificate”) dated the date of delivery of the Notes pertaining to the use, expenditure, and investment of the proceeds of the Notes and will assume continuing compliance by the District with the provisions of the Tax Certificate subsequent to the issuance of the Notes. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Notes are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Notes to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Notes is commenced, under current procedures the IRS is likely to treat the District as the “taxpayer,” and the owners of the Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the District may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action,

whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Approval of Legal Proceedings

The validity of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel to the School District, such opinion to be delivered with the Notes.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Bonds, and Bond Counsel expresses no opinion relating thereto (except as may otherwise be stated in Bond Counsel's legal opinion).

Continuing Disclosure Compliance

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

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

LITIGATION

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

On February 14, 2019, the Child Victims Act ("CVA") was signed into law in New York. The CVA created a window for victims of childhood sexual abuse to file previously time-barred claims until August 14, 2020. The CVA has resulted in lawsuits against entities such as schools, churches and youth organizations. The District was named as a defendant in a pending action brought pursuant to the New York Child Victim's Act. At this time an estimate of any potential or range of loss cannot be made.

There is no other action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of bonds 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 District taken with respect to the authorization, issuance or sale of the bonds and notes or contesting the corporate existence or boundaries of the 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 an event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX - D" herein.)

The most recent underlying rating assigned to the School District by S&P Global Ratings ("S&P"), a division of Standard & Poor's Financial Services LLC, is an A+ rating with a stable outlook, which was assigned in connection with the issuance by the School District of \$1,043,236 School District (Serial) Bonds dated May 26, 2020.

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

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

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

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

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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: Kaitlin Tetrault, Business Manager, phone: (518) 846-7135 x507; email: ktetrault@chazy.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.

Chazy Union Free School District

Dated: September 5, 2024
Chazy, New York

/s/Craig Giroux
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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning Fund Balance - July 1	\$3,056,452	\$2,934,905	\$2,857,790	\$2,987,624	\$3,271,702	\$2,916,309 ^E
<u>Revenues:</u>						
Real Property Taxes	\$4,864,595	\$5,244,689	\$5,354,199	\$5,353,216	\$5,491,406	\$5,559,932
Other Tax Items	0	0	0	0	0	54,500
Charges for Services	33,681	37,766	28,190	28,837	20,733	15,000
Use of Money & Property	1,015	42,576	6,826	3,270	68,684	0
Sale of Property/Comp. for Loss	196	366	8,677	20,061	6,684	0
Miscellaneous	476,129	502,670	499,595	446,560	474,834	400,091
State Aid	4,584,741	4,738,708	4,864,050	5,262,505	5,371,615	6,714,501
Federal Aid	22,554	25,489	81,042	37,921	18,221	12,000
Interfund Transfer	<u>25,000</u>	<u>25,000</u>	<u>21,003</u>	<u>131,537</u>	<u>0</u>	<u>0</u>
Total Revenues	\$10,007,911	\$10,617,264	\$10,863,582	\$11,283,907	\$11,452,177	\$12,756,024
<u>Expenditures:</u>						
General Support	\$1,081,666	\$981,586	\$1,082,167	\$1,141,197	\$1,381,828	\$1,565,715
Instruction	4,536,878	4,575,870	4,669,818	4,836,371	5,168,317	5,839,169
Transportation	395,920	730,193	505,990	541,754	612,468	658,928
Community Services	14,886	15,606	813	17,528	18,775	25,000
Employee Benefits	3,294,843	3,608,164	3,550,019	3,537,903	3,686,068	4,045,942
Debt Service	798,202	773,250	840,383	839,073	839,630	829,619
Interfund Transfer	<u>7,063</u>	<u>9,710</u>	<u>84,558</u>	<u>86,003</u>	<u>100,484</u>	<u>125,000</u>
Total Expenditures	\$10,129,458	\$10,694,379	\$10,733,748	\$10,999,829	\$11,807,570	\$13,089,373
Adjustments	0	0	0	0	0	0
Year End Fund Balance	\$2,934,905	\$2,857,790	\$2,987,624	\$3,271,702	\$2,916,309	\$2,582,960 ^E
Excess (Deficit) Revenues Over Expenditures	(\$121,547)	(\$77,115)	\$129,834	\$284,078	(\$355,393)	(\$333,349) ¹

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

Note: 1. Appropriated Fund Balance planned to be used.

E. Estimated

General Fund – Budget Summary

Revenues:

Real Property Taxes	\$5,688,648
Other Tax Items	56,000
Charges for Services	15,000
Use of Money & Property	
Miscellaneous	430,000
State Aid	7,374,805
Federal Aid	
Interfund Transfers	237,750
Appropriated Fund Balance	142,797
Total Revenues	<u>\$13,945,000</u>

Expenditures:

General Support	\$1,702,461
Instruction	5,912,437
Transportation	701,448
Community Service	28,500
Employee Benefits	4,411,785
Debt Service	825,619
Interfund Transfers	362,750
Total Expenditures	<u>\$13,945,000</u>

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

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assets:					
Unrestricted Cash	\$1,480,914	\$1,855,679	\$1,687,376	\$2,321,749	\$1,926,144
Restricted Cash	706,020	714,036	824,800	785,115	753,916
Accounts Receivable	970	1,535	1,954	1,000	0
Due from Other Funds	846,478	412,059	421,721	356,100	542,568
Due from Fiduciary Funds	45,423	25	0	0	0
State and Federal Aid Receivable	273,819	272,949	441,142	373,505	349,561
Prepaid Expenditures	0	0	9,959	0	0
Other Receivables	9,145	9,164	9,365	9,532	9,793
Total Assets	<u><u>\$3,362,769</u></u>	<u><u>\$3,265,447</u></u>	<u><u>\$3,396,317</u></u>	<u><u>\$3,847,001</u></u>	<u><u>\$3,581,982</u></u>
Liabilities:					
Accounts Payable	\$39,874	\$25,507	\$13,381	\$171,981	\$202,176
Accrued Liabilities	4,535	33,583	23,734	3,746	10,043
Due to Other Funds	0	9,707	0	0	0
Deferred Revenues	0	0	0	0	0
Due to Fiduciary Fund	0	0	0	0	0
Due to Other Governments	0	0	0	0	6,282
Due to Teachers' Retirement System	348,210	305,770	339,852	358,743	413,419
Due to Employees' Retirement System	35,245	33,090	31,726	39,613	33,753
Unearned revenues	0	0	0	1,216	0
Total Liabilities:	<u><u>\$427,864</u></u>	<u><u>\$407,657</u></u>	<u><u>\$408,693</u></u>	<u><u>\$575,299</u></u>	<u><u>\$665,673</u></u>
Fund Balances:					
Prepaid Expenditures			\$9,959	\$9,532	\$9,793
Restricted	\$706,020	\$714,036	824,800	785,115	753,916
Assigned	890,039	941,998	996,066	1,118,314	333,349
Encumbrances	0	0	2,696	14,298	4,880
Unassigned	1,338,846	1,201,756	1,154,103	1,344,443	1,814,371
Total Fund Balance	<u><u>\$2,934,905</u></u>	<u><u>\$2,857,790</u></u>	<u><u>\$2,987,624</u></u>	<u><u>\$3,271,702</u></u>	<u><u>\$2,916,309</u></u>
Total Liabilities and Fund Balance	<u><u>\$3,362,769</u></u>	<u><u>\$3,265,447</u></u>	<u><u>\$3,396,317</u></u>	<u><u>\$3,847,001</u></u>	<u><u>\$3,581,982</u></u>

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

APPENDIX B

Audited Financial Statements For The Fiscal Year Ended June 30, 2023

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

**CHAZY UNION FREE
SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2023**

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BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Chazy Union Free School District
Chazy, New York

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chazy Union Free School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Chazy Union Free School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chazy Union Free 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 Chazy Union Free 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 Chazy Union Free 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 through 12), budgetary comparison information (pages 49 & 50), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 53) and Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS (pages 54-57) 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 Chazy Union Free School District's basic financial statements. The accompanying Combining Non-Major Fund financial statements, Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment in Capital Assets are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining Non-Major Fund financial statements, Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment in Capital Assets 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 December 1, 2023, on our consideration of Chazy Union Free 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 Chazy Union Free 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 Chazy Union Free School District's internal control over financial reporting and compliance.

Boulrice & Wood CPAs, PC

December 1, 2023

The following is Management's Discussion and Analysis (MD&A) of the Chazy Union Free School District's financial performance for the fiscal year ended June 30, 2023. The MD&A is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements.

This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS FOR 2022-2023

- Fund balance for the general fund decreased \$355,393.
- Fund balance for the cafeteria fund decreased \$44,284

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the MD&A, a series of financial statements, and required supplementary information. The district-wide statements are organized so the reader can understand Chazy Union Free School District as a financial whole, an entire operating entity. The statements then proceed to provide an increased focus on individual parts of the District in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements are designed to be similar to corporate statements in that all governmental activities are consolidated. The Statement of Net position combines governmental fund's current financial resources with capital assets and long-term obligations.

NET POSITION
 GOVERNMENTAL ACTIVITIES

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current and Other Assets	\$ 3,759,329	\$ 7,852,618
Capital Assets	11,132,039	11,245,542
Total Assets	14,891,368	19,098,160
Deferred Outflows of Resources		
Other Post Employment Benefits	8,125,441	11,469,501
Pensions	2,473,825	2,433,075
Total Assets and Deferred Outflows of Resources	\$ 25,490,634	\$ 33,000,736
Long-Term Liabilities	\$ 55,234,612	\$ 59,068,997
Other Liabilities	900,250	750,870
Total Liabilities	56,134,862	59,819,867
Deferred Inflows of Resources		
Other Post Employment Benefits	9,033,096	7,464,233
Pensions	252,186	4,665,697
Total Deferred Inflows of Resources	9,285,282	12,129,930
Net Position		
Net Investment in Capital Assets	8,882,657	8,320,738
Restricted	917,837	972,849
Unrestricted	(49,730,004)	(48,242,648)
Total Net Position	(39,929,510)	(38,949,061)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 25,490,634	\$ 33,000,736

The Statement of Net Position includes all of the District's assets and liabilities. The largest portion of the District's net position is the net investment in capital assets (land, building, equipment), less the outstanding balance of bonds used to acquire, construct, and improve the assets. These assets are used to provide educational services to students; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources necessary to repay this debt must be provided from the general fund budget. These assets are not to be liquidated to pay any of the debt.

Net investment in capital assets increased 6.8% from 2021-2022 to 2022-2023. This is primarily from payment of outstanding debt.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The restricted portion is restricted for debt, capital projects and various legal reserves.

The unrestricted net position decreased by \$1,487,356 largely due to cost associated with OPEB.

Net position is the difference between the District's assets and liabilities, which is one way to measure financial health or position. There are three categories of net position: net investment in capital assets, restricted, and unrestricted.

CHANGES IN NET POSITION (STATEMENT OF ACTIVITIES)		
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 81,889	\$ 11,982
Operating grants	689,430	962,863
Total program revenues	<u>771,319</u>	<u>974,845</u>
General Revenues:		
Property Taxes	5,491,406	5,353,216
State Aid	5,371,615	5,262,505
Federal Aid	18,221	37,921
Use of Money and Property	72,213	3,294
Sales & Compensations	6,684	20,061
Charges for services	20,733	28,837
Miscellaneous	519,259	488,447
Total general revenues	<u>11,500,131</u>	<u>11,194,281</u>
Total Revenues:	<u>12,271,450</u>	<u>12,169,126</u>
 Expenses:		
General Government Support	1,424,662	1,250,235
Instruction	6,178,609	5,785,764
Community Services	18,775	17,528
Pupil Transportation	580,872	499,487
Employee Benefits	4,684,251	5,047,283
Debt Service – Interest	122,828	158,808
Cost of Sales – food	241,902	122,666
Total Expenses:	<u>13,251,899</u>	<u>12,881,771</u>
 Decrease in Net Position:	<u>\$ (980,449)</u>	<u>\$ (712,645)</u>

The Statement of Activities is similar to an income statement, in that it reports revenues, expenses, and changes in net position. In the current year, the greatest amount of revenue came from property taxes, \$5,491,406. The second largest source of revenue came from state aid, \$5,371,615. The District is susceptible to fluctuations in the New York State budget. Less money means a higher property tax rate and an unknown New York State budget further complicates the District's planning process. The largest expense categories are instruction to students, \$6,178,609 and employee benefits, \$4,684,251. The District has a decrease in net position of \$980,449.

Overall the total increase in expenses was 2.9%.

All of the District's programs and services are reported in the district-wide financial statements as governmental activities. Most of the District's services are included here, such as regular and special education, support services, operation and maintenance of school, pupil transportation, extracurricular activities and administration. Property taxes and State formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the 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. The governmental fund financial statements are presented on a modified accrual basis; whereas, the governmental activities in the district-wide statements are presented on an accrual basis of accounting.

Governmental Funds. Most of the District's activities are reported in governmental funds, which focus on how cash flows in and out of the funds and the balances left at year end are available for future spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are financial resources that can be spent to finance the District's programs. Any differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

General Fund. When comparing last year's statement to this year's there was an increase of \$54,676 in due to the teachers' retirement system. The total fund balance decreased by \$355,393 or 10.9% from 2021-2022 to 2022-2023.

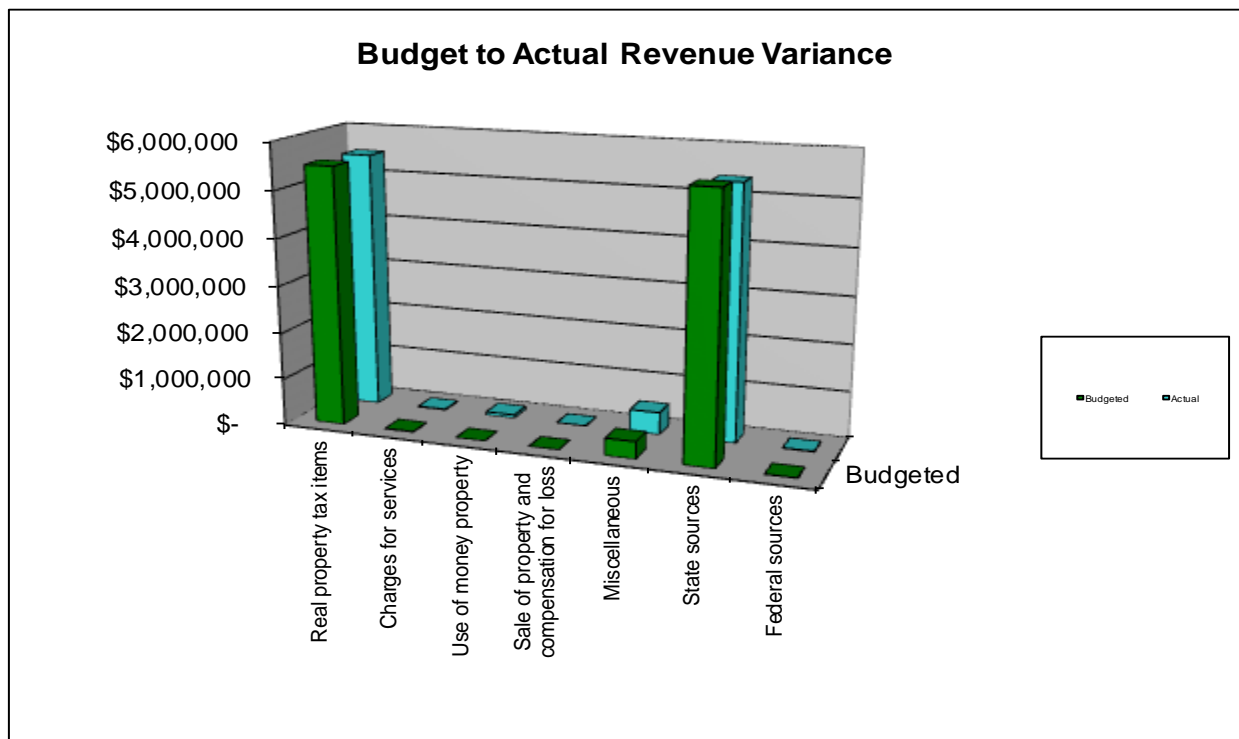
School Food Service Fund. The fund balance decreased by \$44,284 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District’s general fund budget is prepared according to New York State law. The original budget increased from \$11,996,817 in 2021-2022 to \$12,533,300 in 2022-2023.

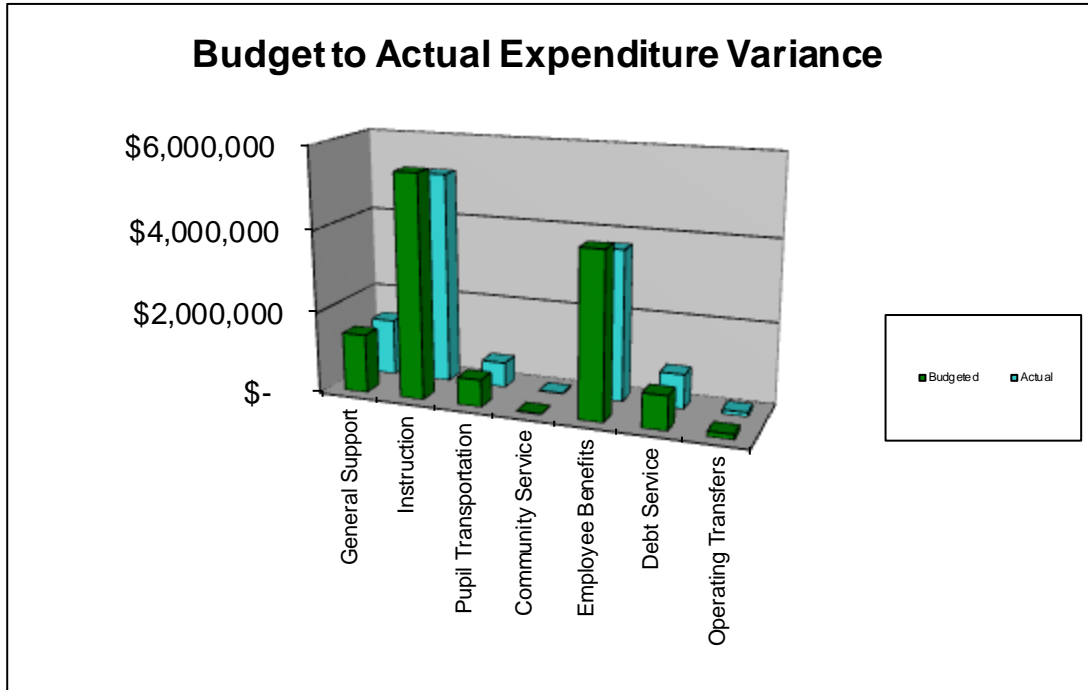
General fund actual revenues were over budget by \$37,191. The majority of this was due to an increase in Miscellaneous revenue.

The District annually receives donations from the Foundation (Miner’s) at a minimum of \$100,000. The amount is dependent upon their return on investments in the stock market.



	Budgeted	Actual	Variance
Real property tax items	\$ 5,492,619	\$ 5,491,406	\$ (1,213)
Charges for services	15,000	20,733	5,733
Use of money property	-	68,684	68,684
Sale of property and compensation for loss	-	6,684	6,684
Miscellaneous	367,262	474,834	107,572
State sources	5,528,105	5,371,615	(156,490)
Federal sources	12,000	18,221	6,221
	<u>\$ 11,414,986</u>	<u>\$ 11,452,177</u>	<u>\$ 37,191</u>

General fund actual expenditures were less than budgeted by \$740,028.



	Budgeted	Actual	Variance
General Support	\$ 1,435,324	\$ 1,381,828	\$ (53,496)
Instruction	5,447,474	5,168,317	(279,157)
Pupil Transportation	660,900	612,468	(48,432)
Community Service	21,000	18,775	(2,225)
Employee Benefits	4,026,781	3,686,068	(340,713)
Debt Service	831,119	839,630	8,511
Operating Transfers	125,000	100,484	(24,516)
	<u>\$ 12,547,598</u>	<u>\$ 11,807,570</u>	<u>\$ (740,028)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of June 30, 2023, are as follows:

<u>CAPITAL ASSETS</u>		
<u>Net of Accumulated Depreciation</u>		
	<u>2023</u>	<u>2022</u>
Non-Depreciable Assets:		
Land	\$ 76,217	\$ 76,217
Construction in Progress	208,518	-
Depreciable Assets:		
Building and Improvements	10,005,053	10,383,750
Furniture, Machinery, and Equipment	820,743	777,411
Leases	<u>21,508</u>	<u>8,164</u>
TOTAL	<u>\$ 11,132,039</u>	<u>\$ 11,245,542</u>

The total decrease in capital assets was \$113,503.

Debt

The District's total outstanding debt, as of June 30, 2023, was \$3,035,000, with \$700,000 due within one year.

OUTSTANDING DEBT

	<u>Beginning</u>	<u>Ending</u>
Serial Bonds	\$ 3,705,000	\$ 3,035,000
Leases Payable	\$ 8,164	\$ -

According to Local Finance Law, Section 104.00, a school district may issue debt up to ten percent (10%) of its full valuation of real property subject to taxation. The legal debt limit is \$30,376,151, which is significantly greater than the outstanding debt.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Collective bargaining agreements for salary increases as well as rising cost of employee benefits such as health insurance makes budgeting a challenge.
- State aid funding remains unpredictable, making long-term planning difficult. In addition, the status of the State's finances in light of the COVID-19 pandemic will have a direct impact on the amount of state aid to be received by the District. Federal funds allocated to the District will expire in 2024; the District will need to plan for the sustainability, or not, of any expenditures from these federal funds.
- The state-imposed property tax cap limits the amount of tax levy a school district can raise. Fixed costs continue to rise, far outpacing the rate of tax levy growth due to imposition of the Tax Cap.
- The District has experienced a 10% enrollment loss since 2008-2009, which results in a decrease in state aid allocations.
- The District was served with a Summons and Complaints; this is a revival action brought pursuant to the New York Child Victim's Act. It is unclear at this time what the potential impact will be.
- The District continues to struggle in recruiting and retaining employees. Vacancies generate additional costs, including overtime.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Chazy Union Free School District, 609 Miner Farm Road, Chazy, New York 12921.

CHAZY UNION FREE SCHOOL DISTRICT

EXHIBIT 1

STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Cash:		
Unrestricted	\$	1,926,144
Restricted		1,348,568
Receivables:		
State and federal aid		473,351
Deposit, electric reserve		9,793
Inventories		1,473
Capital assets, net of accumulated depreciation		11,132,039
Total Assets		<u>14,891,368</u>

DEFERRED OUTFLOWS OF RESOURCES

Other post employment benefits		8,125,441
Pensions		2,473,825
Total Deferred Outflows of Resources		<u>10,599,266</u>

Total Assets and Deferred Outflows of Resources	\$	<u>25,490,634</u>
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LIABILITIES

Payables:		
Accounts payable	\$	330,412
Accrued liabilities		17,678
Due to other governments		6,282
Due to teachers' retirement system		413,419
Due to employees' retirement system		33,753
Unearned revenues		98,706
Long-term liabilities		
Due and payable within one year:		
Bonds payable - current		700,000
Due and payable after one year		
Bonds payable - non-current		2,474,382
Compensated absences payable		164,032
Other post employment benefits		50,825,160
Net pension liability-proportionate share		1,071,038
Total Liabilities		<u>56,134,862</u>

DEFERRED INFLOWS OF RESOURCES

Other post employment benefits		9,033,096
Pensions		252,186
Total Deferred Inflows of Resources		<u>9,285,282</u>

NET POSITION

Net investment in capital assets		8,882,657
Restricted		917,837
Unrestricted (deficit)		(49,730,004)
Total Net Position		<u>(39,929,510)</u>
Total Liabilities, Deferred Inflows and Net Position	\$	<u>25,490,634</u>

See Notes to the Financial Statements.

CHAZY UNION FREE SCHOOL DISTRICT

EXHIBIT 2

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
Year Ended June 30, 2023**

FUNCTIONS/ PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS	
General support	\$ (1,424,662)	\$ -	\$ -	\$ (1,424,662)
Instruction	(6,178,609)	-	558,101	(5,620,508)
Pupil transportation	(580,872)	-	-	(580,872)
Community services	(18,775)	-	-	(18,775)
Employee benefits	(4,684,251)	-	-	(4,684,251)
Debt service	(122,828)	-	-	(122,828)
School lunch program	(241,902)	81,889	131,329	(28,684)
Total Functions and Programs	\$ (13,251,899)	\$ 81,889	\$ 689,430	(12,480,580)
GENERAL REVENUES				
Real property taxes				5,491,406
Charges for services				20,733
Use of money and property				72,213
Sale of property and compensation for loss				6,684
Miscellaneous				519,259
State sources				5,371,615
Federal sources				18,221
Total General Revenues				11,500,131
Change in Net Position				(980,449)
Total Net Position - Beginning of Year				(38,949,061)
Total Net Position - End of Year				\$ (39,929,510)

See Notes to the Financial Statements.

CHAZY UNION FREE SCHOOL DISTRICT

EXHIBIT 3

BALANCE SHEET-GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND	SPECIAL AID	SCHOOL FOOD SERVICE	CAPITAL PROJECTS	DEBT SERVICE	NON-MAJOR	TOTAL
ASSETS							
Cash and investments	\$ 1,926,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,926,144
Restricted cash	753,916	240,913	79,250	194,507	5,050	74,932	1,348,568
Due from other funds	542,568	-	-	-	-	-	542,568
Federal and state receivable	349,561	95,271	23,449	-	-	-	468,281
Deposit, electric reserve	9,793	-	-	-	-	-	9,793
Inventories	-	-	1,473	-	-	-	1,473
Total Assets	\$ 3,581,982	\$ 336,184	\$ 104,172	\$ 194,507	\$ 5,050	\$ 74,932	\$ 4,296,827
LIABILITIES							
Accounts payable	\$ 202,176	\$ 4	\$ 16,876	\$ 111,356	\$ -	\$ -	\$ 330,412
Accrued liabilities	10,043	-	260	-	-	-	10,303
Due to other funds	-	237,474	1,624	303,470	-	-	542,568
Due to other governments	6,282	-	-	-	-	-	6,282
Due to teachers' retirement system	413,419	-	-	-	-	-	413,419
Due to employees' retirement system	33,753	-	-	-	-	-	33,753
Unearned revenues	-	98,706	-	-	-	-	98,706
Total Liabilities	665,673	336,184	18,760	414,826	-	-	1,435,443
FUND BALANCES							
Nonspendable:							
Inventory	-	-	1,473	-	-	-	1,473
Prepaid expenditures	9,793	-	-	-	-	-	9,793
Restricted:							
Capital projects	585,474	-	-	-	-	-	585,474
Retirement of long-term debt	-	-	-	-	5,050	-	5,050
Unemployment Insurance	15,538	-	-	-	-	-	15,538
Retirement reserve - ERS	20,717	-	-	-	-	-	20,717
Employee benefits accrued liability	132,187	-	-	-	-	-	132,187
Other	-	-	-	-	-	74,932	74,932
School food service	-	-	83,939	-	-	-	83,939
Assigned:							
Appropriated fund balance	333,349	-	-	-	-	-	333,349
Encumbrances (Note 10)	4,880	-	-	-	-	-	4,880
Unassigned	1,814,371	-	-	(220,319)	-	-	1,594,052
Total Fund Balances	2,916,309	-	85,412	(220,319)	5,050	74,932	2,861,384
Total Liabilities and Fund Balances	\$ 3,581,982	\$ 336,184	\$ 104,172	\$ 194,507	\$ 5,050	\$ 74,932	\$ 4,296,827

See Notes to the Financial Statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2023

	GENERAL	SPECIAL AID	SCHOOL FOOD SERVICE	CAPITAL PROJECTS	DEBT SERVICE	NON-MAJOR	TOTAL
REVENUES							
Real property taxes	\$ 5,491,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,491,406
Charges for services	20,733	-	-	-	-	-	20,733
Use of money and property	68,684	-	460	-	3,056	13	72,213
Sale of property and compensation for loss	6,684	-	-	-	-	-	6,684
Miscellaneous	474,834	-	277	-	-	44,148	519,259
State sources	5,371,615	29,966	3,092	-	-	-	5,404,673
Federal sources	18,221	528,135	128,237	-	-	-	674,593
Sales	-	-	81,889	-	-	-	81,889
Total Revenues	11,452,177	558,101	213,955	-	3,056	44,161	12,271,450
EXPENDITURES							
General support	1,381,828	20,366	24,149	-	-	46,526	1,472,869
Instruction	5,168,317	510,342	-	-	-	-	5,678,659
Pupil transportation	612,468	13,551	-	-	-	-	626,019
Community service	18,775	-	-	-	-	-	18,775
Employee benefits	3,686,068	20,525	1,415	-	-	-	3,708,008
Debt service	839,630	-	-	-	-	-	839,630
Capital outlay	-	-	-	293,093	-	-	293,093
Cost of sales	-	-	241,902	-	-	-	241,902
Total Expenditures	11,707,086	564,784	267,466	293,093	-	46,526	12,878,955
Excess (Deficit) of Revenues over Expenditures	(254,909)	(6,683)	(53,511)	(293,093)	3,056	(2,365)	(607,505)
OTHER SOURCES AND USES							
Operating transfers in	-	6,683	9,227	84,574	-	-	100,484
Operating transfers (out)	(100,484)	-	-	-	-	-	(100,484)
Total Other Sources and Uses	(100,484)	6,683	9,227	84,574	-	-	-
Excess (Deficiency) Revenues and Other Sources over Expenditures and Other Uses	(355,393)	-	(44,284)	(208,519)	3,056	(2,365)	(607,505)
Fund Balances, Beginning of Year	3,271,702	-	129,696	(11,800)	1,994	77,297	3,468,889
Fund Balances, End of Year	\$ 2,916,309	\$ -	\$ 85,412	\$ (220,319)	\$ 5,050	\$ 74,932	\$ 2,861,384

See Notes to the Financial Statements.

CHAZY UNION FREE SCHOOL DISTRICT

EXHIBIT 5

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	<u>Custodial</u>
ASSETS	
Cash	\$ -
Total Assets	<u>\$ -</u>
NET POSITION	
Net Position	<u>\$ -</u>
Total Liabilities and Net Position	<u>\$ -</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year ended June 30, 2023

ADDITIONS	
Library tax collected	\$ 38,000
DEDUCTIONS	
Payment to library	<u>38,000</u>
Change in Net Position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u>\$ -</u>

CHAZY UNION FREE SCHOOL DISTRICT

EXHIBIT 6

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

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Cash and investments	\$ 1,926,144	\$ -	\$ -	\$ 1,926,144
Restricted cash	1,348,568	-	-	1,348,568
Due from other funds	542,568	-	(542,568)	-
State and federal aid receivable	468,281	5,070	-	473,351
Deposit, electric reserve	9,793	-	-	9,793
Inventories	1,473	-	-	1,473
Fixed assets	-	11,132,039	-	11,132,039
Total Assets	4,296,827	11,137,109	(542,568)	14,891,368
DEFERRED OUTFLOWS OF RESOURCES				
Other post employment benefits	-	8,125,441	-	8,125,441
Pensions	-	2,473,825	-	2,473,825
Total Deferred Outflows of Resources	-	10,599,266	-	10,599,266
Total Assets and Deferred Outflows of Resources	\$ 4,296,827	\$ 21,736,375	\$ (542,568)	\$ 25,490,634
LIABILITIES				
Accounts payable	\$ 330,412	\$ -	\$ -	\$ 330,412
Accrued liabilities	10,303	7,375	-	17,678
Due to other funds	542,568	-	(542,568)	-
Due to other governments	6,282	-	-	6,282
Due to teachers' retirement system	413,419	-	-	413,419
Due to employees' retirement system	33,753	-	-	33,753
Bonds payable	-	3,174,382	-	3,174,382
Unearned revenues	98,706	-	-	98,706
Compensated absences	-	164,032	-	164,032
Other post employment benefits	-	50,825,160	-	50,825,160
Net pension liability-proportionate share	-	1,071,038	-	1,071,038
Total Liabilities	1,435,443	55,241,987	(542,568)	56,134,862
DEFERRED INFLOWS OF RESOURCES				
Other post employment benefits	-	9,033,096	-	9,033,096
Pensions	-	252,186	-	252,186
Total Deferred Inflows of Resources	-	9,285,282	-	9,285,282
FUND BALANCE/NET POSITION				
Total Fund Balance/ Net Position	2,861,384	(42,790,894)	-	(39,929,510)
Total Liabilities and Fund Balance/ Net Position and Deferred Inflows of Resources	\$ 4,296,827	\$ 21,736,375	\$ (542,568)	\$ 25,490,634

See Notes to the Financial Statements.

CHAZY UNION FREE SCHOOL DISTRICT

EXHIBIT 7

RECONCILIATION OF GOVERNMENTAL FUNDS-REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
 Year Ended June 30, 2023

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real property taxes	\$ 5,491,406	\$ -	\$ -	\$ -	\$ -	\$ 5,491,406
Charges for services	20,733	-	-	-	-	20,733
Use of money and property	72,213	-	-	-	-	72,213
Sale of property and compensation for loss	6,684	-	-	-	-	6,684
Miscellaneous	519,259	-	-	-	-	519,259
State sources	5,404,673	-	-	-	-	5,404,673
Federal sources	674,593	-	-	-	-	674,593
Sales	81,889	-	-	-	-	81,889
Total Revenues	<u>12,271,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,271,450</u>
EXPENDITURES						
General support	1,472,869	-	(48,207)	-	-	1,424,662
Instruction	5,678,659	-	499,950	-	-	6,178,609
Pupil transportation	626,019	-	(45,147)	-	-	580,872
Community service	18,775	-	-	-	-	18,775
Employee benefits	3,708,008	976,243	-	-	-	4,684,251
Debt service	839,630	(1,380)	-	(715,422)	-	122,828
Capital outlay	293,093	-	(293,093)	-	-	-
Cost of sales	241,902	-	-	-	-	241,902
Total Expenditures	<u>12,878,955</u>	<u>974,863</u>	<u>113,503</u>	<u>(715,422)</u>	<u>-</u>	<u>13,251,899</u>
Excess (Deficit) of Revenues over Expenditures	<u>(607,505)</u>	<u>(974,863)</u>	<u>(113,503)</u>	<u>715,422</u>	<u>-</u>	<u>(980,449)</u>
OTHER SOURCES AND USES						
Operating transfers in	100,484	-	-	-	(100,484)	-
Operating transfers out	(100,484)	-	-	-	100,484	-
Total Other Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change for the Year	<u>\$ (607,505)</u>	<u>\$ (974,863)</u>	<u>\$ (113,503)</u>	<u>\$ 715,422</u>	<u>\$ -</u>	<u>\$ (980,449)</u>

See Notes to the Financial Statements.

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting entity: The Chazy Union Free School District (District) is governed by the Education Law and other general laws of the State of New York. The governing body is the Board of Education of Chazy Union Free School District (Board). The Board is the basic level of government, which has oversight responsibilities and control over all activities related to the public school education in the region of Chazy Union Free School District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

B. 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 the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions.

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 good or services offered by the programs, and grants and contributions that are restricted to meeting the operations 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 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. Non-major funds are aggregated and presented in a single column. The District elects to report all governmental funds as major funds, except for the Extraclassroom Activity Fund and the Scholarship Fund.

The District reports the following major governmental funds:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources, except those accounted for in another

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

fund.

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

- School Food Service Fund – Used to account for transactions of the lunch and breakfast programs.
- Special Aid Fund - used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State grants.

Capital Projects Fund - the capital projects funds are to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities, or equipment.

Debt Service Fund – the debt service funds are to account for the accumulation of resources and the payment of long-term debt principal and interest.

3. Fiduciary Fund - the fiduciary fund consist of custodial funds and is used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. Custodial funds are used to account for property taxes collected on behalf of and payment to the local library. 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.

C. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. 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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days (60 days for property taxes) after the end of the fiscal year.

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

Expenditures are recorded when the related fund liability is incurred except for:

- a. prepaids and inventory-type items are recognized at the time of purchase.
- b. principal and interest on indebtedness are not recognized as an expenditure until due.
- c. compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
- d. The District recognizes the cost of providing post retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as expenditures in the year paid.

D. Inventories: Inventories of food and supplies 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 supplies in other funds are recorded as expenditures at the time of purchase, and year-end inventory balances are not maintained.

E. Property Taxes: Real property taxes are levied annually by the Board of Education no later than September 1st. Uncollected property taxes are subsequently enforced by the County of Clinton. An amount representing uncollected real property taxes is transmitted to the county for enforcement and is paid by the county to the District no later than the forthcoming April 1st.

F. Capital assets: Acquisitions of equipment and capital facilities are reported at actual cost for acquisitions. 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 general fixed assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Facilities	\$500	Straight Line	15-50 Years
Equipment	\$500	Straight Line	5-20 Years

G. Unearned revenue - planned balance: Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has 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 revenues is removed and revenues are recognized.

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

H. Retirement plan: The District provides retirement benefits for all of its regular full-time and some of its part time employees through contributions to the New York State Teachers' Retirement System and the New York State Employees' Retirement System. These systems provide various plans and options, some of which require employee contributions.

I. General long-term debt: Bonds, capital notes and bond anticipation notes issued for capital projects are recognized when issued.

J. Budgetary Procedures and Budgetary Accounting

1) General

The District's policy relating to budgetary information as shown in the accompanying financial statements is as follows:

A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education. The budget is then approved by the voters within the District.

Appropriations established by adoption of the budget constitute limitations on expenditures (and encumbrances) which may be incurred.

The New York Uniform System of Accounts requires that fixed budgetary control be used for all governmental fund types. Budget appropriations lapse at year-end.

2) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as part of assigned fund balance and such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

K. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

L. Equity Classifications:

District- wide statements:

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

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

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

Unrestricted net position – reports the balance of net position that does not meet then definition of the above two classifications and are deemed to be available for general use by the District

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

Fund statements:

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Food Service Fund of \$1,473 and prepaid expenses in General Fund of \$9,793.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted fund balances:

Employee Benefits Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

Retirement Contributions-ERS

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

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to State Unemployment Insurance fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Committed – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2023.

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$4,880.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

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

Order of Use of Fund Balance:

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

M. Events Occurring After Reporting Date

The District has evaluated events and transactions that occurred between June 30, 2023 and December 1, 2023 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

- N. Deferred Outflows and Inflows of Resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This amount represents the effect of the net change in the actual and expected experience, changes of assumptions or other inputs and contributions subsequent to the measurement date.

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

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1. Summary of Significant Accounting Policies (continued)

the District's contributions and its proportion share of total contributions to the pension systems not included in the pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the changes in assumptions or other inputs.

O. New Accounting Standards:

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2023, including *GASB Statement No. 96, Subscription Based Information Technology Arrangements*.

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 differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources 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 Sheets.

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Long-term assets are reported in the Statements of Net Position, but not in the governmental funds, because they are not available in the current period.

Long-term liabilities are reported in the Statements of Net Position, but not in the governmental funds, because they are not due and payable in the current period.

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 2. Explanation of Certain Differences between Governmental Fund Statements and District-wide Statements (continued)

Explanation of Differences Between Governmental Fund Balances and District Wide Net Position

Ending fund balance reported on Balance Sheet - Governmental Funds (Exhibit 3)	\$	2,861,384
Capital assets net of related depreciation/ amortization		11,132,039
Assets:		
Long-term state aid and BOCES refund receivable		5,070
Deferred outflows:		
Pensions-TRS		2,002,795
Pensions-ERS		471,030
Other post employment benefits		8,125,441
Liabilities:		
Current:		
Accrued interest		(7,375)
Long-term:		
Bonds payable		(3,035,000)
Leases payable		-
Unamortized bond premium		(139,382)
Compensated absences		(164,032)
Other post employment benefits		(50,825,160)
Net pension liability		(1,071,038)
Deferred inflows:		
Pensions-TRS		(186,541)
Pensions-ERS		(65,645)
Other post employment benefits		<u>(9,033,096)</u>
Ending net position reported on Statement of Net Position (Exhibit 1)	\$	<u><u>(39,929,510)</u></u>

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 five broad categories. The amounts shown below represent:

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 2. Explanation of Certain Differences between Governmental Fund Statements and District-wide Statements (continued)

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 items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

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. Other Post-Employment Benefits Differences

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 75 requires an actuarial calculation of the future liability and to record the OPEB Obligation in the Statement of Net Position.

5. Pension Differences

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

CHAZY UNION FREE SCHOOL DISTRICT

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

Note 2. Explanation of Certain Differences between Governmental Fund Statements and District-wide Statements (continued)

Explanation of Differences Between Governmental Funds Operating Statement
and the District Wide Statement of Activities

Revenues:

Total revenues and other funding sources of governmental funds (Exhibit 4)	\$ 12,271,450
No adjustments	-
Total revenues of governmental activities in the Statement of Activities (Exhibit 2)	\$ 12,271,450

Expenditures:

Total expenditures reported in governmental funds (Exhibit 4)	\$ 12,878,955
In the Statement of Activities, certain operating expenses (compensated absences) 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). Compensated absences used exceeded the amount earned during the year.	(55,860)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/ amortization expense. This is the amount by which depreciation/ amortization expense exceeded capital expenditures in the current year.	113,503
Repayment of bond principal and principal of other long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets, and does not effect the Statement of Activities.	(670,000)
Repayment of lease obligation is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets, and does not effect the Statement of Activities.	(8,164)
OPEB differences occur as a result of changes in the District's to OPEB liability and differences between the District's contributions an OPEB expense	778,782
Interest is accrued on outstanding debt in government-wide financial Statements, where as in governmental fund financial statements, an interest expenditure is reported when due.	(1,380)
In prior years, the District received premiums of \$429,852 on issuance of new debt. The premiums are amortized as an adjustment of interest expense in the Statement of Activities over the average remaining life of the debt.	
Current year amortization of premium	(37,258)
(Increases) decreases in proportionate share of net pensions asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds.	
Teachers' Retirement System	97,152
Employees' Retirement System	156,169
Total expenses of governmental activities in the Statement of Activities (Exhibit 2)	\$ 13,251,899

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 3. Cash and Investments

According to the New York State Education Law, the Board may invest the District's money in special time-deposit accounts or certificates of deposit; however, such time-deposit accounts or certificates of deposit must be made in the name of the district and payable in time for the proceeds to be available to meet expenditures for which the money was obtained. Furthermore, the time-deposit account or certificates of deposit must be secured "by a pledge of obligations of the United States of America or obligations of the State of New York or obligations of any municipal corporation, district or district corporation of the State of New York".

Investments also may be made in obligations of the United States of America or in obligations of New York State or, with the approval of the state comptroller, in certain obligations of municipalities, school districts or district corporations other than the one investing the money.

The district may make a variety of short-term investments that include the purchase of United States Treasury bills, United States Treasury certificates of indebtedness or United States Treasury notes and bonds. In addition, it may invest in negotiable certificates of deposit.

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by financial institutions in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash was \$1,348,568 at June 30, 2023.

Note 4. Interfund Balances and Activity

Interfund balances and activity at June 30, 2023 and for the fiscal year then ended, were as follows:

Fund Type	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General	\$ 542,568	\$ -	\$ -	\$ 100,484
Special Aid	-	237,474	6,683	-
School Food Service	-	1,624	9,227	-
Capital	-	303,470	84,574	-
Total	<u>\$ 542,568</u>	<u>\$ 542,568</u>	<u>\$ 100,484</u>	<u>\$ 100,484</u>

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

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

The District typically transfers money from the General Fund to the Special Aid fund for its share of special aid programs.

CHAZY UNION FREE SCHOOL DISTRICT

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

Note 4. Interfund Balances and Activity, Continued

The District transferred \$84,574 from the General Fund to the Capital Projects Fund for the 2023 capital project.

The District transferred \$9,227 from the General Fund to the School Food Service to support operations.

Interfund payables are expected to be repaid within one year.

Note 5. Capital Assets

A summary of changes in capital assets follows:

	6/30/2022 Balance	Additions	Retirements	6/30/2023 Balance
Capital assets that are not depreciated:				
Land	\$ 76,217	\$ -	\$ -	\$ 76,217
Construction in progress	-	208,518	-	208,518
Total non-depreciable historical cost	<u>76,217</u>	<u>208,518</u>	<u>-</u>	<u>284,735</u>
Capital assets that are depreciated:				
Buildings	22,098,203	84,574	-	22,182,777
Furniture and equipment	3,104,859	189,355	(92,339)	3,201,875
Total depreciable historical cost	<u>25,203,062</u>	<u>273,929</u>	<u>(92,339)</u>	<u>25,384,652</u>
Less accumulated depreciation:				
Buildings	11,714,453	463,271		12,177,724
Furniture and equipment	2,327,448	146,023	(92,339)	2,381,132
Total accumulated depreciation	<u>14,041,901</u>	<u>609,294</u>	<u>(92,339)</u>	<u>14,558,856</u>
Total depreciable historical cost, net	<u>11,161,161</u>	<u>(335,365)</u>	<u>-</u>	<u>10,825,796</u>
Intangible right-to-use assets:				
Leased equipment	36,289	23,898	-	60,187
Less accumulated amortization	28,125	10,554	-	38,679
Net intangible right-to-use assets	<u>8,164</u>	<u>34,452</u>	<u>-</u>	<u>21,508</u>
Total Capital Assets, net	<u>\$ 11,245,542</u>	<u>\$ (161,299)</u>	<u>\$ -</u>	<u>\$ 11,132,039</u>

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

	6/30/2023
General support	\$ 12,550
Instruction	531,132
Pupil transportation	76,166
	<u>\$ 619,848</u>

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 5. Capital Assets (continued)

Intangible Right-to-use Assets

In fiscal 2022, the District implemented the guidance in GASB Statement No. 87, *Leases* for accounting and reporting leases that had previously been reported as operating leases. Capital Assets now include the cost and accumulated amortization of technology equipment and desktop computers leased under long-term contracts. As of June 30, 2023, the District had one lease agreement in place for the technology equipment and two in place for the desktop computers and printers. The intangible right-to-use asset is being amortized over the lease term. Terms of the leases are described in Note 7.

Note 6. Compensated Absences

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

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

District employees are granted vacation in varying amounts, based primarily on length of service and service position.

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

In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis. The balance accrued in the general fund at June 30, 2023 was \$0.

Note 7. Indebtedness

Short-term Debt:

Bond Anticipation Notes – Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. 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 School District has no outstanding BAN's.

Long-Term Debt:

- a. Long-Term Debt Interest

CHAZY UNION FREE SCHOOL DISTRICT

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

Note 7. Indebtedness (continued)

Interest expense paid was \$161,119 for the year ended June 30, 2023.

Amortization of unamortized bond premium of \$37,258 and a decrease in accrued interest of \$1,380 decreased interest expense down to \$122,481.

- b. The changes in the District's long-term indebtedness during the year ended June 30, 2023 are summarized as follows:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Long-term Debt:				
Serial Bonds	\$ 3,705,000	\$ -	\$ 670,000	\$ 3,035,000
Bond Premium, net of amortization	176,640	-	37,258	139,382
Lease liabilities	8,164	-	8,164	-
Compensated Absences	219,892	-	55,860	164,032
Other Post Employment Benefits	54,959,301	-	4,134,141	50,825,160
Total Long-term Debt	<u>\$ 59,068,997</u>	<u>\$ -</u>	<u>\$ 4,905,423</u>	<u>\$ 54,163,574</u>

- c. Maturity

The following is a summary of maturity of indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/23
Bond 2017 Series A	2017	2031	4.00%-5.00%	\$ 970,000
Refinancing Bond	2017	2025	5.00%	1,140,000
Bond 2020 Series	2020	2040	2.50%-3.00%	925,000
Bond Premium, net of amortization				139,382
Total				<u>\$ 3,174,382</u>

Fiscal Year Ending June 30:	Principal	Interest	Total
2024	\$ 700,000	\$ 129,619	\$ 829,619
2025	730,000	95,619	825,619
2026	155,000	60,244	215,244
2027	165,000	53,619	218,619
2028	170,000	46,494	216,494
2029-2033	670,000	122,219	792,219
2034-2038	310,000	45,238	355,238
2039-2043	135,000	6,150	141,150
	<u>\$ 3,035,000</u>	<u>\$ 559,202</u>	<u>\$ 3,594,202</u>

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

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 7. Indebtedness (continued)

Intangible Right-to-Use Lease Liabilities:

In fiscal 2022, the District implemented the guidance in GASB Statement No. 87, *Leases* for accounting and reporting leases that had previously been reported as operating leases.

Lease liabilities are comprised of the following:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/23
Copier	11/27/17	10/15/22	2.66%	\$ -
Desktops	8/21/20	8/21/22	5.19%	-
Total				<u>\$ -</u>

Interest paid was \$347 for the year ended June 30, 2023.

The lease equipment and accumulated amortization for the right-to-use assets are outlined in Note 5.

Note 8. Pension Plans

General Information

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

Provisions and Administration

Teachers' Retirement System (TRS)

The System is governed by a 10 member Board of Trustees. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 8. Pension Plans (continued)

impaired. Benefits can be changed for future members only by enactment of 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 NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. 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 State statute. The District also participated 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.

Funding Policies

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 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:

	ERS	TRS
2023	\$ 86,573	\$ 358,743
2022	\$ 127,728	\$ 341,906
2021	\$ 121,263	\$ 305,769

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

CHAZY UNION FREE SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

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

At June 30, 2023 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, 2023 for ERS and June 30, 2022 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 System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement Date	3/31/2023	6/30/2022
Net Pension asset/(liability)	\$ (706,617)	\$ (364,421)
District's portion of the Plan's total net pension asset/(liability)	-0.0032952%	-0.018991%
Change in proportion since the prior measurement date	\$ (945,145)	\$ (3,762,437)

For the year ended June 30, 2023, the District's recognized pension (income) expense of \$240,156 for ERS and \$471,976 for TRS. At June 30, 2023 the District's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 75,260	\$ 381,867	\$ 19,844	\$ 7,302
Changes of assumptions	343,179	706,915	3,793	146,799
Net difference between projected and actual earnings on pension plan investments	-	470,867	4,151	-
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	18,838	68,163	37,857	32,440
District's contributions subsequent to the measurement date	33,753	374,983	-	-
Total	<u>\$ 471,030</u>	<u>\$ 2,002,795</u>	<u>\$ 65,645</u>	<u>\$ 186,541</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2023. Other amounts reported as

CHAZY UNION FREE SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

deferred outflows or resources and deferred inflows of resources related to pension will be recognized in pension expense as follow:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2023	\$ -	\$ 278,290
2024	85,057	150,597
2025	(47,675)	(47,418)
2026	141,053	929,082
2027	193,197	121,696
Thereafter	-	9,024
Total	<u>\$ 371,632</u>	<u>\$ 1,441,271</u>

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 valuation used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2023	6/30/2022
Actuarial valuation date	4/1/2022	6/30/2021
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95%-5.18%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System Experience
Inflation rate	2.9%	2.40%

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' MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' MP-2021.

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

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 8. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date Asset Type:	<u>ERS</u>	<u>TRS</u>
	3/31/2023 %	6/30/2022 %
Domestic equity	4.30	6.50
International equity	6.85	7.20
Private equity	7.50	9.90
Real estate	4.60	6.20
Domestic fixed income securities	-	1.10
Opportunistic/ ARS portfolio	5.38	-
Credit	5.43	-
Real assets	5.84	-
Fixed income	1.50	-
Cash	0.00	(0.30)
Private debt	-	5.30
Global equities	-	6.90
Global bonds	-	0.60
High-yield bonds	-	3.30
Real estate debt	-	2.40

Discount Rate

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

Sensitivity of the Proportionate Share for the Net Pension 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% lower (4.9% for ERS and 5.95% for TRS) or 1% higher (6.9% for ERS and 7.95% for TRS) than the current rate:

CHAZY UNION FREE SCHOOL DISTRICT

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

Note 8. Pension Plans (continued)

ERS	1% Decrease 4.9%	Current Assumption 5.9%	1% Increase 6.9%
Employer's proportionate share of the net pension asset (liability)	\$ (1,707,589)	\$ (706,617)	\$ 129,813
TRs	1% Decrease 5.95%	Current Decrease 6.95%	1% Assumption 7.95%
Employer's proportionate share of the net pension asset (liability)	\$ (3,360,134)	\$ (364,421)	\$ 2,154,954

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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$33,753.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions for the fiscal year ended June 30, 2023 are based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$413,419.

Note 9. Post-Employment (Health Insurance) Benefits

The District provides post-employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Post-employment benefits aggregating \$1,429,515 for 73 employees were charged to expenses/ expenditures in the Governmental Funds in the current year.

A. General Information about the OPEB Plan

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

CHAZY UNION FREE SCHOOL DISTRICT

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

Note 9. Post-Employment (Health Insurance) Benefits

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

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	74
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>80</u>
	<u><u>154</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$50,825,160 was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2021.

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

Inflation	2.5 percent
Salary Increases	3.5 percent
Discount Rate	3.54 percent
Healthcare Cost Trend Rates	6.0 percent for 2023, decreasing annually to an ultimate rate of 3.94 percent for 2082 and later years

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

Mortality rates were based on the PUB-2010 Mortality Table, and adjusted for mortality improvements with scale MP-2021 on a generational basis.

CHAZY UNION FREE SCHOOL DISTRICT

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

Note 9. Post-Employment (Health Insurance) Benefits

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 54,959,301</u>
<u>Changes for the Year-</u>	
Service Cost	2,040,979
Interest	1,203,665
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(5,870,278)
Benefit payments	<u>(1,508,507)</u>
Net Changes	<u>(4,134,141)</u>
Balance at June 30, 2023	<u><u>\$ 50,825,160</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.14% percent in 2022 to 3.54% percent in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current discount rate:

	1% Decrease <u>2.54%</u>	Discount Rate <u>3.54%</u>	1% Increase <u>4.54%</u>
Total OPEB Liability	<u>\$ 59,652,005</u>	<u>\$ 50,825,160</u>	<u>\$ 43,775,323</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total

OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease <u> </u>	Healthcare Cost Trend Rates <u> </u>	1% Increase <u> </u>
Total OPEB Liability	<u>\$ 42,597,681</u>	<u>\$ 50,825,160</u>	<u>\$ 61,482,293</u>

CHAZY UNION FREE SCHOOL DISTRICT

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

Note 9. Post-Employment (Health Insurance) Benefits

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$2,335,456. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,288,482	\$ 2,009,949
Changes of assumptions or other inputs	5,280,285	7,023,147
Contributions subsequent to the measurement date	<u>1,556,674</u>	<u>-</u>
Total	<u>\$ 8,125,441</u>	<u>\$ 9,033,096</u>

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

Fiscal Year Ending June 30,	<u>Amount</u>
2024	\$ (3,896)
2025	246,843
2026	(725,846)
2027	(1,438,082)
2028	<u>(543,348)</u>
	<u>\$ (2,464,329)</u>

Note 10. Assigned Fund Balance – Encumbrances

<u>General Fund</u>	<u>2023</u>
Teaching	\$ 1,222
Instructional Media	2,177
Pupil Transportation	<u>1,481</u>
	<u>\$ 4,880</u>

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11. Commitments and Contingencies

The Chazy Union Free School District is exposed to various risk of loss related to damage to and destruction of assets: injuries to employees and student; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. For its employee health and accident insurance coverage the Chazy Union Free School District is a participant in the Clinton-Essex-Warren-Washington Health insurance Consortium, a public entity risk pool operated for the benefit of 16 individual governmental units located within the Counties of Clinton, Essex, Warren and Washington. The District pays an annual premium to the Plan for the health and accident coverage.

The Clinton-Essex-Warren-Washington Health Insurance Consortium is considered a self-sustaining risk pool that will provide coverage for insured events. The Chazy Union Free School District has essentially transferred all related risk to the Consortium.

The Chazy Union Free School District participates in a risk sharing pool, the Clinton-Essex-Warren-Washington Workers' Compensation Consortium, to insure Workers' Compensation claims. The Clinton-Essex-Warren-Washington Workers' Compensation Consortium is a public entity risk pool operated for the benefit of 16 individual governmental units located within the Counties of Clinton, Essex, Warren and Washington. The District pays an annual premium to the Plan for the worker's compensation coverage. The Clinton-Essex-Warren- Washington Worker's Compensation Consortium is considered a self-sustaining risk pool that will provide coverage for insured events. The Chazy Union Free School District has essentially transferred all related risk to the Consortium.

The District was named as a respondent in a pending action brought pursuant to the New York Child Victim's Act. At this time, an estimate of any potential or range of loss cannot be made.

From time to time the Chazy Union Free School District is involved in tax certiorari proceedings from residents petitioning to have their assessed taxable values lowered. The District is not aware of any petitions for tax certiorari proceedings. A reserve for tax certiorari is established but unfunded at June 30, 2023.

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

Note 12. Tax Abatements

The County of Clinton entered into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$56,351. The District received Payment in Lieu of Tax (PILOT) totaling \$51,071.

CHAZY UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 13. Joint Venture

The Chazy Union Free School District is one of 16 component school districts in the Clinton-Essex-Warren-Washington 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.

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 are also 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 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 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 ended June 30, 2023, the Chazy Union Free School District was billed \$1,765,190 for BOCES administrative program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2023, the Chazy Union Free School District issued no serial bonds on behalf of BOCES. General-purpose financial statements for the Clinton-Essex-Warren-Washington BOCES are available from BOCES administrative office at P.O. Box 485, Plattsburgh, New York. The District's share of BOCES aid amounted to \$553,829. BOCES also refunded the District \$25,857 for excess expenses billed in prior years.

Note 14. Stewardship, Compliance and Accountability

The District's unassigned general fund balance was above the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The unassigned fund balance at June 30, 2023 was \$1,814,371, which represents 13.86% of next year's budget. The excess amounted to \$1,290,796.

CHAZY UNION FREE SCHOOL DISTRICT

COMBINING BALANCE SHEET - NON-MAJOR FUNDS

June 30, 2023

	SCHOLARSHIP FUND	EXTRACLASSROOM ACTIVITIES FUND	Total
ASSETS			
Cash	\$ 28,790	\$ 46,142	\$ 74,932
Total Assets	<u>\$ 28,790</u>	<u>\$ 46,142</u>	<u>\$ 74,932</u>
FUND BALANCES			
Total Fund Balances	<u>\$ 28,790</u>	<u>\$ 46,142</u>	<u>\$ 74,932</u>

CHAZY UNION FREE SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - NON-MAJOR FUND
Year Ended June 30, 2023

	SCHOLARSHIP FUND	EXTRACLASSROOM ACTIVITIES FUND	Total
REVENUES			
Miscellaneous revenue	\$ -	\$ 44,148	\$ 44,148
Investment earnings	13	-	13
Total revenues	13	44,148	44,161
EXPENDITURES			
Disbursements - extraclassroom	-	46,328	46,328
Other expenses	198	-	198
Total expenditures	198	46,328	46,526
Changes in Fund Balances	(185)	(2,180)	(2,365)
Fund Balances, Beginning	28,975	48,322	77,297
Fund Balances, Ending	\$ 28,790	\$ 46,142	\$ 74,932

CHAZY UNION FREE SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PEPERTY TAX LIMIT
For the Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget		\$	12,533,300
Additions:			
Encumbrances - fiscal year 2022	<u>14,298</u>		
Total additions			<u>14,298</u>
Final budget		\$	<u><u>12,547,598</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 expenditure budget		\$	<u><u>13,089,373</u></u>
Maximum allowed (4% of 2023-24 budget)			<u><u>523,575</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:			
Unrestricted fund balance:			
Committed fund balance		-	
Assigned fund balance	338,229		
Unassigned fund balance	<u>1,814,371</u>		
Total unrestricted fund balance			<u><u>2,152,600</u></u>
Less:			
Appropriated fund balance	333,349		
Encumbrances included in assigned fund balance	<u>4,880</u>		
Total adjustments			<u><u>338,229</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		\$	<u><u>1,814,371</u></u>
Actual percentage			<u><u>13.86%</u></u>

CHAZY UNION FREE SCHOOL DISTRICT

SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

Year Ended June 30, 2023

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenues:				
Local sources:				
Real property tax items	\$ 5,492,619	\$ 5,492,619	\$ 5,491,406	\$ (1,213)
Charges for services	15,000	15,000	20,733	5,733
Use of money and property	-	-	68,684	68,684
Sale of property and compensation for loss	-	-	6,684	6,684
Miscellaneous	367,262	367,262	474,834	107,572
State Sources	5,528,105	5,528,105	5,371,615	(156,490)
Federal Sources	12,000	12,000	18,221	6,221
Total Revenues	11,414,986	11,414,986	11,452,177	37,191
Other Financing Sources:				
Operating Transfers In	-	-	-	
Total Other Financing Sources	-	-	-	
Appropriated Fund Balance:				
Prior year appropriated surplus	1,118,314	1,118,314	-	
Prior year encumbrances	-	14,298	-	
Total Appropriated Fund Balance	1,118,314	1,132,612	-	
Total Revenues and Appropriated Fund Balance	\$ 12,533,300	\$ 12,547,598	\$ 11,452,177	

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of education	\$ 25,700	\$ 25,492	\$ 26,046	\$ -	\$ (554)
Central administration	61,830	59,068	53,617	-	5,451
Finance	115,904	119,169	117,950	-	1,219
Staff	72,928	102,379	103,437	-	(1,058)
Central services	799,520	851,003	806,604	-	44,399
Special items	278,213	278,213	274,174	-	4,039
Instructional:					
Administration and improvement	439,097	577,017	543,713	-	33,304
Teaching - regular school	2,512,604	2,398,345	2,334,520	1,222	62,603
Programs for Children with Handicapping Conditions	1,323,234	1,344,640	1,299,595	-	45,045
Occupational Education	340,034	352,327	352,327	-	-
Instructional media	402,358	405,147	307,715	2,177	95,255
Pupil service	349,682	369,998	330,447	-	39,551
Pupil transportation	617,195	660,900	612,468	1,481	46,951
Community Service	21,000	21,000	18,775	-	2,225
Employee Benefits	4,217,882	4,026,781	3,686,068	-	340,713
Debt service	831,119	831,119	839,630	-	(8,511)
Total Expenditures	12,408,300	12,422,598	11,707,086	4,880	710,632
Other Uses:					
Interfund Transfer	125,000	125,000	100,484	-	24,516
Total Expenditures and Financing Uses	\$ 12,533,300	\$ 12,547,598	11,807,570	\$ 4,880	\$ 735,148
Net Change in Fund Balances			(355,393)		
Fund Balance - Beginning			<u>3,271,702</u>		
Fund Balance - Ending			<u>\$ 2,916,309</u>		

See Independent Auditor's Report.

CHAZY UNION FREE SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2023

Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Methods of Financing				Fund Balance June 30, 2023
							Proceeds of Obligations	State Aid	Local Sources	Total	
2023 Capital Outlay Project	\$ 100,000	\$ 100,000	\$ -	\$ 84,574	\$ 84,574	\$ (54,558)	\$ -	\$ -	\$ 84,574	\$ 84,574	\$ -
Smart Schools	294,616	294,616	294,616	-	294,616	-	-	282,816	-	282,816	(11,800)
Capital Improvements	8,500,000	8,500,000	-	208,519	208,519	-	-	-	-	-	(208,519)
Totals	\$ 8,894,616	\$ 8,894,616	\$ 294,616	\$ 293,093	\$ 587,709	\$ (54,558)	\$ -	\$ 282,816	\$ 84,574	\$ 367,390	\$ (220,319)

See Independent Auditor's Report.

CHAZY UNION FREE SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2023

Capital Assets, Net	\$	11,132,039
Deduct:		
Unamortized bond premium		(139,382)
Short-term portion of bonds payable		(700,000)
Long-term portion of bonds payable		(2,335,000)
Add: bonds payable used for BOCES project		925,000
Net Investment in capital assets	<u>\$</u>	<u>8,882,657</u>

CHAZY UNION FREE SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB Liability and Related Ratios

Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Service Cost	\$ 2,040,979	\$ 2,187,073	\$ 1,584,130	\$ 1,320,623	\$ 1,565,412	\$ 1,777,173
Interest	1,203,665	1,315,319	1,604,531	1,603,188	1,510,200	1,310,187
Changes in benefit terms	-	(17,223)	-	-	-	(405,770)
Differences between expected and actual experience	-	(3,195,759)	-	4,369,169	-	3,770,701
Changes of assumption or other inputs	(5,870,278)	(1,955,052)	11,257,968	(1,942,662)	(2,322,542)	(9,331,757)
Benefit payments	<u>(1,508,507)</u>	<u>(1,409,407)</u>	<u>(1,343,729)</u>	<u>(1,048,594)</u>	<u>(1,015,871)</u>	<u>(844,588)</u>
Net change in total OPEB liability	(4,134,141)	(3,075,049)	13,102,900	4,301,724	(262,801)	(3,724,054)
Total OPEB liability - beginning	<u>54,959,301</u>	<u>58,034,350</u>	<u>44,931,450</u>	<u>40,629,726</u>	<u>40,892,527</u>	<u>44,616,581</u>
Total OPEB liability - Ending	<u>\$ 50,825,160</u>	<u>\$ 54,959,301</u>	<u>\$ 58,034,350</u>	<u>\$ 44,931,450</u>	<u>\$ 40,629,726</u>	<u>\$ 40,892,527</u>
Covered payroll	\$ 4,553,718	\$ 4,104,871	\$ 4,014,268	\$ 4,416,039	\$ 4,275,399	\$ 3,947,781
Total OPEB liability as a percentage of covered payroll	1116%	1339%	1446%	1017%	950%	1036%

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

Changes of assumptions and other inputs reflects the change in the discount rate from 2.14% to 3.54% at the current measurement date.

See Independent Auditor's Report.

CHAZY UNION FREE SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
Year Ended June 30, 2023

NYSERS Pension Plan
 Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0032952%	-0.0029179%	0.0030902%	0.0033550%	0.0031735%	0.0032554%	0.0033878%	0.0032181%	0.0030588%	
District's proportionate share of the net pension liability (asset)	\$ 706,617	\$ (238,528)	\$ 3,077	\$ 888,431	\$ 224,852	\$ 105,067	\$ 318,321	\$ 516,511	\$ 103,332	
District's covered- employee payroll	\$ 1,008,263	\$ 1,176,135	\$ 923,716	\$ 835,224	\$ 995,494	\$ 996,124	\$ 932,743	\$ 905,961	\$ 935,085	
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	70.08%	-20.28%	0.33%	106.37%	22.59%	10.55%	34.13%	57.01%	11.05%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.78%	-103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	

* The amounts presented for each fiscal year were determined as of 06/30

See Independent Auditor's Report.

CHAZY UNION FREE SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2023

NYSERS Pension Plan
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 93,182	\$ 127,728	\$ 121,263	\$ 133,441	\$ 129,818	\$ 137,449	\$ 138,566	\$ 133,483	\$ 162,972	167,068
Contributions in relation to the contractually required contribution	\$ 93,182	\$ 127,728	\$ 121,263	\$ 133,441	\$ 129,818	\$ 137,449	\$ 138,566	\$ 133,483	\$ 162,972	167,068
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 1,008,263	\$ 1,176,135	\$ 923,716	\$ 835,224	\$ 995,494	\$ 996,124	\$ 932,743	\$ 905,961	\$ 935,085	
Contributions as a percentage of covered-employee payroll	9.2%	10.9%	13.1%	16.0%	13.0%	13.8%	14.9%	14.7%	17.4%	

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

CHAZY UNION FREE SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
Year Ended June 30, 2023

NYSTRS Pension Plan
 Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.018991%	-0.019609%	0.189240%	-0.018807%	-0.019847%	-0.019534%	0.019109%	-0.019501%	-0.019928%	-0.019681%
District's proportionate share of the net pension liability (asset)	\$ 364,421	\$ (3,398,016)	\$ 522,920	\$ (488,610)	\$ (358,878)	\$ (148,479)	\$ 204,663	\$ (2,025,583)	\$ (2,219,910)	\$ (129,548)
District's covered- employee payroll	\$ 3,853,019	\$ 3,429,403	\$ 3,337,110	\$ 3,211,995	\$ 3,335,586	\$ 3,406,778	\$ 3,173,766	\$ 3,000,719	\$ 2,954,522	
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.46%	-99.08%	15.67%	-15.21%	-10.76%	-4.36%	6.45%	-67.50%	-75.14%	
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.60%	-113.25%	97.76%	-102.17%	-101.53%	-100.66%	99.01%	-110.46%	-111.48%	

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

CHAZY UNION FREE SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Year Ended June 30, 2023**

NYSTRS Pension Plan
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 329,706	\$ 317,181	\$ 284,583	\$ 333,385	\$ 316,813	\$ 362,795	\$ 390,995	\$ 513,522	\$ 478,359	341,322
Contributions in relation to the contractually required contribution	\$ 329,706	\$ 317,181	\$ 284,583	\$ 333,385	\$ 316,813	\$ 362,795	\$ 390,995	\$ 513,522	\$ 478,359	341,322
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 3,853,019	\$ 3,429,403	\$ 3,337,110	\$ 3,211,995	\$ 3,335,586	\$ 3,406,778	\$ 3,173,766	\$ 3,000,719	\$ 2,954,522	
Contributions as a percentage of covered-employee payroll	8.56%	9.25%	8.53%	10.38%	9.50%	10.65%	12.32%	17.11%	16.19%	

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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 Board of Education
Chazy Union Free School District
Chazy, New York 12921

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Chazy Union Free School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Chazy Union Free School District's basic financial statements and have issued our report thereon dated December 1, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chazy Union Free 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 Chazy Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chazy Union Free 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 Chazy Union Free School District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of

Findings and Responses as item 2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chazy Union Free School District'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 instances of noncompliance or other matters that are required to be reported under Government *Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-001.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Chazy Union Free School District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Chazy Union Free School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly we express no opinion on the response.

Purpose of this Report

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

Boulrice & Wood CPAs, PC

December 1, 2023

**CHAZY UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2023**

FINANCIAL STATEMENTS

Significant Deficiency

2023-001 Excess Fund Balance

Condition: The District's unassigned general fund balance was 13.86% of the 2023-2024 budget.

Effect: The District's unassigned general fund balance was 9.86%, or \$1,290,796, over the amount allowable by law.

Cause: The cause is actual expenditures were less than budgeted amounts.

Criteria: According to New York State Real Property Tax Law Section 1318, a district's unassigned fund balance may not exceed an amount equal to 4% of next year's budget.

Recommendation: We recommend the District keep in mind this law when preparing next year's budget.

View of Responsible Officials and Planned Corrective Action: We recognize the gravity of the financial statement findings and are taking proactive measures to address them. The Superintendent, Business Manager, and the Board of Education will collaborate to implement corrective actions by the end of the school fiscal year of June 30, 2024. This process will involve a thorough analysis of the identified issues and the formulation of effective strategies to rectify them.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board
Chazy Union Free School District
Chazy, New York, 12921

Opinions

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Chazy Union Free School District as of and for the year June 30, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Chazy Union Free School District as of June 30, 2023, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Chazy Union Free 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.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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 opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 statements 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.

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 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, 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 Chazy Union Free 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 Chazy Union Free 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.

Boulrice & Wood CPAs, PC

December 1, 2023

**CHAZY UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 46,142	\$ 48,322
Total Assets	<u>\$ 46,142</u>	<u>\$ 48,322</u>
FUND BALANCE		
Extraclassroom Activity	\$ 46,142	\$ 48,322
Total Fund Balance	<u>\$ 46,142</u>	<u>\$ 48,322</u>

See Notes to the Financial Statements – Extraclassroom Activity Fund

**CHAZY UNION FREE SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS**

**STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES - CASH BASIS
Years Ended June 30, 2023**

Activity	Balance June 30, 2022	Receipts	Disbursements	Balance June 30, 2023
Class of 2023	\$ 5,847	\$ 10,487	\$ 16,334	\$ -
Class of 2024	1,902	11,704	9,549	4,057
Class of 2025	564	360.00	450	474
Class of 2027	194	1,149	-	1,343
Class of 2028	-	341	-	341
Drama Club	8,285	5,353	7,534	6,104
Interest	10	-	-	10
Key Club	467	-	-	467
Library Club	1,590	100	-	1,690
Model UN	2,290	500.00	600	2,190
NHS	137	91	-	228
NYS Sales Tax	571	241	311	501
Recycling Club	644	146	186	604
SADD	29	-	-	29
Social Issues	112	-	-	112
Student Council	438	-	-	438
Technology Club	236	-	-	236
Wind Ensemble	545	-	345	200
Yearbook	24,446	12,001	9,480	26,967
Youth Empowerment	15	1,675	1,539	151
	<u>\$ 48,322</u>	<u>\$ 44,148</u>	<u>\$ 46,328</u>	<u>\$ 46,142</u>

See Notes to the Financial Statements – Extracurricular Activity Fund

CHAZY UNION FREE SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

Basis of Accounting: The books and records of the Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Chazy Union Free School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School with respect to its financial transactions and the designation of student management.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.

APPENDIX C
Material Event Notices

Material Event Notices

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) Defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material: and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

With respect to events (o) and (p), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii)

guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

For the purposes of the event identified in paragraph (1) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

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

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