

PRELIMINARY OFFICIAL STATEMENT DATED MAY 29, 2025

NEW ISSUE/RENEWALS

BOND ANTICIPATION NOTES

In the opinion of Bond Counsel, under the existing statutes, regulations and court decisions, interest on the Notes is excludable from gross income for Federal income tax purposes, and, under the existing statutes, interest on the Bonds and 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 a specific preference item for purposes of Federal alternative minimum tax; interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. No opinion is expressed regarding other Federal tax consequences arising with respect to the Notes. See "Tax Exemption" herein.

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

**TUPPER LAKE CENTRAL SCHOOL DISTRICT
FRANKLIN COUNTY, NEW YORK**

**\$13,060,000
Bond Anticipation Notes, 2025
(the "Notes")**

Dated: June 26, 2025

Due: June 26, 2026

The Notes are general obligations of the Tupper Lake Central School District, Franklin County, New York, 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 will be dated June 26, 2025 and will mature, without option of prior redemption, on June 26, 2026.

At the option of the Purchaser(s), the Notes will be issued as registered notes payable to the Purchaser(s) or registered in the names 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.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, one fully registered note certificate will be issued for each maturity of the Notes.

If the Notes are issued in registered 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 except one odd denomination as needed, 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 Timothy R. McGill, Esq., Fairport, New York. It is anticipated that the Notes will be available for delivery on or about June 26, 2025.

Facsimile or telephone bids will be received THURSDAY, June 5, 2025 until 10:45 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. THE SCHOOL DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS REQUIRED BY SAID RULE.

DATED: May 29, 2025

**TUPPER LAKECENTRAL SCHOOL DISTRICT
FRANKLIN COUNTY, NEW YORK**

School District Officials

2024-25 BOARD OF EDUCATION

Jane Whitmore - President

Mary Ellen Chamberlain
Jason Rolley
Sabrina Shipman
Josh Trembley

.....

Jaycee Welsh - Superintendent
Jamie O'Dell – Director of Shared Business Services
Shauni Kavanagh – District Clerk

.....

School District Attorney

Bond, Schoeneck & King PLLC

BOND COUNSEL

Timothy R. McGill, Esq.

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:

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OFFICIAL STATEMENT

TUPPER LAKE CENTRAL SCHOOL DISTRICT FRANKLIN COUNTY, NEW YORK

Relating To

\$13,060,000 Bond Anticipation Notes, 2025 (the “Notes”)

This Official Statement, which includes the cover page, has been prepared by the Tupper Lake Central School District, Franklin County, New York (the “District” or “School District”, “County” and “State,” respectively) in connection with the sale by the District of its \$13,060,000 Bond Anticipation Notes, 2025 (the “Notes”), collectively the “Notes”.

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

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

THE NOTES

Description of the Notes

The Notes are general obligations of the District and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the 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.

The Notes are dated June 26, 2025 and mature, without option of prior redemption, June 26, 2026. 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 the purchaser, may be registered to the Depository Trust Company (“DTC”) or may be registered in the name of the purchaser.

If the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. 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.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds by the District.

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 November 13, 2023 authorizing the issuance of up to \$20,465,000 in Bond Anticipation Notes or Bonds for the financing of certain capital improvements consisting of construction and reconstruction of school buildings and facilities.

The proceeds of the Notes in the amount of \$13,060,000, along with \$340,000 available funds of the District, will redeem and renew, in part, the \$6,200,000 Bond Anticipation Note maturing on June 27, 2025 and provide \$7,200,000 of new money.

Nature of the Obligation

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

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

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.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered 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.

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

Payment of redemption proceeds, distributions, and dividend payments 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

In the event the purchaser does not request the DTC book-entry-only system apply to the Notes on the date of initial issuance thereof, or in the event that book-entry only system is requested but subsequently discontinued by either DTC or the District, the following provisions will apply: The Notes will be issued registered in the name of the purchaser in denominations of \$5,000 each or integral multiples thereof, except for any necessary odd denomination. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as a fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The Tupper Lake Central School District, formed in 1936, is located in the Town of Tupper Lake in Franklin County and the Towns of Piercefield and Colton in St. Lawrence County. The School District covers approximately 280 square miles.

Tupper Lake is known as the crossroad of the Adirondack Mountains. The two major highways, Route 30 and Route 3, intersect in the Village of Tupper Lake. Bus service is available in the Village, while air transportation is available at the Plattsburgh Airport.

The School District is located in the high peaks area of the Adirondack Mountains. The primary source of employment is a State-operated facility for the developmentally disabled. Tourism in both Winter and Summer also provides employment, as do various logging companies in the area.

Water and sewer service are provided to a portion of the School District residents by the Village of Tupper Lake, while outlying areas use private wells and septic systems. Police protection is provided by the Village of Tupper Lake,

supplemented by the County Sheriff's Departments and the New York State Police. Ambulance service and fire protection are provided by the Village and by various volunteer organizations. Electricity is provided by National Grid and telephone service by Verizon New York Inc.

The School District provides education for grades K-12. Opportunities for higher education include the State University of New York campuses at Potsdam and Plattsburgh, community colleges, St. Lawrence University and Clarkson University. School District residents find commercial and financial services in the Village of Tupper lake and nearby Saranac Lake.

District Population

The 2023 population of the School District is estimated to be 5,314. (Source: 2023 U.S. Census Bureau estimate)

Economic Developments

The Department of Environmental Conservation and the Adirondack Park have approved the creation of a multi-purpose recreational trail system. Construction of the multi-use recreational trail system on the abandoned railroad corridor connecting Tupper Lake, Saranac Lake and Lake Placid began in the Fall of 2022. Construction will continue next year with final completion expected in 2025. The project will continue to create new jobs and have a positive impact on the communities and the School District.

Additionally, the Oval Wood Dish Factory has been purchased by a developer that is moving forward with plans to renovate the closed factory into a combination of commercial and residential housing which is expected to increase the tax base and provide more employment opportunities. Approvals have been received, as well as partial funding. Construction is expected to start within the next year.

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Village Of:						
Tupper Lake	\$21,259	\$25,900	\$34,008	\$48,094	\$59,265	\$63,750
Towns Of:						
Tupper Lake	22,939	25,923	33,871	55,944	64,440	81,313
Piercefield	23,557	23,203	41,935	51,750	59,063	85,917
Colton	26,986	27,356	39,606	67,917	72,917	76,765
County Of:						
Franklin	19,807	23,660	31,801	50,816	59,220	75,978
St. Lawrence	20,143	23,315	31,574	50,384	56,394	80,918
State Of:						
New York	30,948	34,212	49,520	67,405	74,036	105,060

Note: 2020-2024 American Community Survey Estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2006-2010, 2016-2020 and 2019-2023 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>
L.P. Quinn Elementary	K-6	1971	650	2019
Middle/High School	7-12	1936	817	2019

Source: District Official

District Employees

The District employs a total of 157 full-time and 8 part-time employees with representation by the various bargaining units listed below:

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
Teachers' Association	91	6/30/2026
CSEA Support Staff	67	6/30/2027
Non-Bargaining Unit	7	N/A

Source: District Officials

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2020-21	772	2025-26	760
2021-22	759	2026-27	760
2022-23	763	2027-28	760
2023-24	760	2028-29	760
2024-25	760	2029-30	760

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 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 State’s enacted budget for the 2024-25 fiscal year, which was signed into law on April 22, 2024, further reformed Tier 6 by changing the final average year salary to determine a public employee’s retirement benefit from the highest five consecutive years to the highest three consecutive years, and by extending the two-year exclusion of overtime earnings when determining a Tier 6 member’s contribution rate to their pension benefit.

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 2024-25 and 2025-26 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
	\$	\$
2019-2020	244,417	558,238
2020-2021	274,323	579,469
2021-2022	283,759	613,943
2022-2023	200,663	611,128
2023-2024	255,518	626,107
2024-2025 (Budgeted)	466,622	669,897
2025-2026 (Proposed)	512,285	736,886

Source: Audited financial statements for the 2019-2020 fiscal year through the 2023-2024 fiscal year and the adopted budget of the District for the 2024-2025 and proposed budget for the District for the 2025-2026 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 (2020-21 to 2025-26) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	14.6%	9.53%
2021-2022	16.2	9.8
2022-2023	11.6	10.29
2023-2024	13.1	9.76
2024-2025	15.2	10.11
2025-2026*	16.5	9.59*

*Estimated

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period; but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by 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 established 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 - 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, 2023, and financial data as of June 30, 2024, the School District's beginning year total OPEB liability was \$76,135,652, the net change for the year was \$5,152,765 resulting in a total OPEB liability of \$81,288,417 for a fiscal year ending June 30, 2024. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2024 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>
Sunmount DDSO	Home for Developmentally Disabled	1700
Tupper Lake Central School District	Education	165
Mercy Health Care Center	Home for Elderly	100
Village of Tupper Lake	Municipality	55
Adirondack ARC	Home for Developmentally Disabled	50

Source: District Officials

Unemployment Rate Statistics

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

<u>Year</u>	<u>Franklin County Unemployment Rate</u>	<u>St. Lawrence County Unemployment Rate</u>	<u>New York State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2020	8.0%	8.2%	9.8%	8.1%
2021	4.8%	5.1%	7.1%	5.3%
2022	3.7%	4.1%	4.3%	3.6%
2023	3.8%	4.4%	4.2%	3.7%
2024	3.8%	4.6%	4.3%	4.0%

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

	<u>2024-2025 Monthly Figures</u>											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Franklin	3.9%	3.3%	3.4%	3.9%	3.7%	2.9%	3.0%	3.5%	3.7%	4.7%	5.1%	4.9%
St. Lawrence	4.3%	4.2%	4.6%	5.1%	5.0%	3.7%	3.7%	4.1%	4.5%	5.7%	5.6%	5.2%
New York State	3.9%	4.0%	4.3%	4.8%	4.8%	4.0%	4.2%	4.2%	4.2%	4.6%	4.3%	4.1%

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

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposit accounts in, certificates of deposit issued by or a deposit placement program (as provided by statute) with a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district or district corporation other than the School District; and (6) in the case of the School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible letter of credit or an eligible surety bond, as each such term is defined in the law, or satisfy the statutory requirements of the deposit placement program.

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 a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

Form of School Government

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

The legislative power of the School District is vested in the Board of Education (the "Board"). Each year an election is held within the School District to elect one or more members to the Board. The Board consists of five members with overlapping three-year terms. Therefore, as nearly as practicable, an equal number of members is elected to the Board each year.

During the first week in July of each year the Board meets for the purpose of reorganization. At that time an election is held within the Board to elect a President and Vice President and to appoint other School District officials.

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the School District. However, certain of the financial management functions of the School District are the responsibility of the Superintendent of Schools and the Business Administrator

Budgetary Procedures

Pursuant to the Education Law, the Board of Education of the School District annually prepares a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the School District must mail a school budget notice to all qualified voters which contains the total budgeted amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the budget vote. After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified School District residents are eligible to participate.

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

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

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

The budget for the 2022-23 fiscal year was adopted by the qualified voters on May 17, 2022, by a vote of 342 yes to 334 no. 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 314 yes to 110 no. 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 622 to 506. 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 2025-26 fiscal year, approximately 48.45% 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.

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. 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.

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

Federal Aid Received by the State –

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

President Trump signed an executive order that directs the Secretary of Education to take all necessary steps to facilitate the closure of the U.S. Department of Education. The executive order aims to minimize the federal role in education but stops short of completely closing the Department as this would require 60 votes in the U.S. Senate. President Trump also indicated his preference that critical functions, like distributing Individuals with Disabilities Education Act funding, would be the responsibility of other federal agencies. The impact that the executive order will have on the State and school districts in the State is unknown at this time.

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

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

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

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

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

The State's 2025-26 Enacted Budget provides \$37.6 billion in State funding to school districts for the 2025-26 school year, the highest level of State aid ever. This represents an increase of \$1.7 billion or 4.9 percent compared to the 2024-25 school year and includes a \$1.4 billion or 5.6 percent Foundation Aid increase. The State's 2025-26 Enacted Budget includes a 2% minimum increase in Foundation Aid to all school districts and makes a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth school districts.

Provisions in the State's 2025-26 Enacted Budget grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State Aid) if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-26. Specifically, the State's 2025-26 Enacted Budget provides that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State's 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

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
- FY 2025: Funding the full amount of Foundation Aid for all school districts.
- FY 2026: 2% minimum increase in Foundation Aid to all school districts. The State's 2025-26 Enacted Budget makes a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth 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 2024-25 and 2025-26 fiscal years:

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	\$ 18,734,904	\$ 9,580,955	51.14%
2020-2021	19,222,653	8,486,737	44.15
2021-2022	19,123,447	9,399,411	49.15
2022-2023	19,970,803	10,179,336	50.97
2023-2024	20,665,254	10,620,640	51.39
2024-2025 (Budgeted)	21,668,837	10,931,857	50.45
2025-2026 (Proposed)	21,832,546	10,578,916	48.45

Source: Audited financial statements for the 2019-2020 fiscal year through the 2023-2024 fiscal year and the adopted budget of the District for the 2024-2025 fiscal year and the proposed budget of the District for the 2025-2026 fiscal year. This table is not audited.

Fiscal Stress Monitoring

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

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

fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	20.0
2023	No Designation	10.0
2022	No Designation	0.0
2021	No Designation	16.7

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.

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the Tupper Lake Central School District on June 25, 2021. The purpose of this audit was to determine whether complete, accurate and timely accounting records and reports were maintained to allow District officials effectively manage the District's financial operations and capital projects.

Key Findings

District officials did not maintain complete, accurate and timely accounting records and reports to allow officials to effectively manage financial operations and capital projects, and Board oversight was lacking. Official did not:

- Provide support for 12 of the 15 balance sheet accounts reviewed. Also, officials did not record journal entries in a timely manner. Only four of the 349 journal entries for the 2018-19 and only 60 of the 292 journal entries for 2019-20 were recorded during each year.
- Properly account for and closed completed capital projects. As a results, \$359,427 in unexpended funds were not used to pay related debt, which could have reduced the District's tax levies, and \$480,853 in project expenditures were not submitted for timely reimbursement
- Submit the 2016-17 through 2019-20 ST-3 annual financial reports (AFRs), State aid claim forms and independent audit reports in a timely manner, delaying scheduled State aid payments ranging from \$49,607 to \$345,221.

Key Recommendations

Maintain complete, accurate, and timely accounting records and close completed capital projects.

District officials generally agreed with the findings and indicated they plan 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, 2024 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>	<u>2025</u>
Assessed Valuations:						
Tupper Lake	\$ 457,593,680	\$ 461,363,885	\$ 463,510,370	\$ 467,767,772	\$ 473,618,180	\$ 479,796,256
Piercefield	130,005,998	130,124,836	129,701,573	129,241,510	130,157,509	132,062,180
Colton	<u>27,580,891</u>	<u>26,773,027</u>	<u>26,236,039</u>	<u>25,709,026</u>	<u>21,276,451</u>	<u>24,911,137</u>
Total	\$ 615,180,569	\$ 618,261,748	\$ 619,447,982	\$ 622,718,308	\$ 625,052,140	\$ 636,769,573

Equalization Rates:

Tupper Lake	100.00%	97.00%	95.00%	81.00%	70.00%	70.00%
Piercefield	100.00%	100.00%	100.00%	91.00%	83.00%	81.00%
Colton	107.96%	100.00%	100.00%	96.00%	90.00%	87.00%

Full Valuations:

Tupper Lake	\$ 457,593,680	\$ 475,632,871	\$ 487,905,653	\$ 577,491,077	\$ 676,597,400	\$ 685,423,223
Piercefield	130,005,998	130,124,836	129,701,573	142,023,637	156,816,276	163,039,728
Colton	<u>25,547,324</u>	<u>26,773,027</u>	<u>26,236,039</u>	<u>26,780,235</u>	<u>23,640,501</u>	<u>28,633,491</u>
Total	\$ 613,147,002	\$ 632,530,734	\$ 643,843,265	\$ 746,294,949	\$ 857,054,177	\$ 877,096,442

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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Tupper Lake	\$ 19.19	\$ 18.94	\$ 16.50	\$ 14.51	\$ 16.91
Piercefield	70.14	71.25	67.11	62.62	14.62
Colton	340.90	352.26	355.91	415.36	13.61

Tax Collection Procedure

Taxes are payable until September 30 without penalty. Payments made from October 1 through October 31 carry a penalty of 2%. There is a 3% penalty if paid by November 5. Unpaid taxes are turned over to the County Treasurers on November 5. After November 30, unpaid taxes are added to the following year's town/county tax bills.

The Counties reimburse the School District for all unpaid taxes in April of the year following the year of levy, and the School District is thus assured of 100% of its annual levy.

Tax Collection Record

Fiscal Year Ended June 30:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Tax Levy	8,849,953	9,126,829	9,241,797	9,531,385	10,052,861
Less STAR Reimbursement	654,482	628,045	609,293	585,385	531,566
Adjustments	-2,280	-1,663			-3
Total Taxes to be Collected	8,193,191	8,497,121	8,632,504	8,946,000	8,022,786
Taxes Collected Prior to Return to County	6,156,386	6,815,539	7,751,444	7,961,581	7,426,869
Returned to County	\$2,036,805	\$1,681,582	\$881,060	\$984,419	\$595,917
% Collected Prior to Return	75.14%	80.21%	89.79%	89.00%	92.57%

Note: * Collection information is as of May 28, 2025.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2019-2020	\$ 18,734,904	\$ 7,963,225	42.50%
2020-2021	19,222,653	9,687,799	50.40
2021-2022	19,123,447	8,390,875	43.88
2022-2023	19,970,803	8,701,903	43.57
2023-2024	20,665,254	9,009,617	43.60
2024-2025 (Budgeted)	21,668,837	10,383,450	47.92
2025-2026 (Proposed)	21,832,546	10,703,630	49.03

Source: Audited financial statements for the 2019-2020 fiscal year through 2023-2024 fiscal year and the adopted budget of the District for the 2024-2025 fiscal year and the proposed budget of the District for the 2025-2026 fiscal year. This table is not audited.

Major Taxpayers 2024

For 2024-25 Tax Roll		
<u>Name</u>	<u>Type</u>	<u>Full Value</u>
State of New York	State Land	\$48,281,517
New York State Ref Adirondack Park	Reforestation	30,893,930
Niagara Mohawk Power Corp.	Utility	17,588,225
New York State Reforestation	Reforestation	17,193,503
Litchfieldd Park Corp.	Private Camp	9,519,143
Village of Tupper Lake	Utility	7,312,052
Luder Timber LLC	Forest Land	6,722,362
New York State Transition Asmt.	Home for Developmentally Disabled	6,338,184
Preserve Associates, LLC	Reforestation	6,058,001
Lyme Adirondack Timberlands 1	Logging	<u>5,579,802</u>
Total		\$155,486,719

1. The above taxpayers represent 17.72% of the School District's 2024-25 Full value of \$877,096,442.

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, 2024, 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 \$107,300 or less for the 2025-26 school year, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first \$86,100 for the 2025-26 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 2015-16 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. 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 2015-16 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes were intended to encourage home owners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount of the STAR exemption remains the same each year, while the amount of the STAR credit can increase up to two percent annually.

School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

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.

Debt Limit. The District has the power to contract indebtedness for any school district purpose so long as the principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions. The constitutional method for determining full valuation by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

Statutory Procedure

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

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

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Serial Bonds	\$9,360,697	\$10,168,880	\$9,350,355	\$8,440,802	\$7,740,146
Bond Anticipation Notes	1,636,655	0	0	0	6,200,000
Revenue Anticipation Notes	995,000	995,000	995,000	2,806,328	0
Total Debt Outstanding	\$11,992,352	\$11,163,880	\$10,345,355	\$11,247,130	\$13,940,146

Status of Outstanding Bond Issues

Year of Issue:	2010	2018
Amount Issued:	\$2,085,034	\$8,188,780
Final Maturity:	6/15/2025	6/15/2033
Interest Rate/		
Instrument:	3.6700% - SB	2.8387% - SB
Purpose/Instrument:	Additions/Reconstruction	Reconstruction

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 150,000	\$ 6,000	\$ 525,000	\$ 160,050
2026			540,000	144,300
2027			560,000	128,100
2028			575,000	111,300
2029			595,000	94,050
2030			615,000	76,200
2031			635,000	57,750
2032			635,000	38,700
2033			655,000	19,650
Totals:	\$ 150,000	\$ 6,000	\$ 5,335,000	\$ 830,100

Year of Issue:	2020	2021
Amount Issued:	\$313,000	\$1,495,000
Final Maturity:	6/15/2025	6/15/2033
Interest Rate/		
Instrument:	1.2796% - SB	1.4933% - SB
Purpose/Instrument:	Bus Acquisition	BOCES Project

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 80,000	\$ 1,360	\$ 120,000	\$ 23,100
2026			120,000	20,700
2027			125,000	18,300
2028			125,000	15,800
2029			125,000	13,300
2030			130,000	10,800
2031			135,000	8,200
2032			135,000	5,500
2033			140,000	2,800
Totals:	\$ 80,000	\$ 1,360	\$ 1,155,000	\$ 118,500

Year of Issue:	2021		2023	
Amount Issued:	\$313,000		\$275,000	
Final Maturity:	6/15/2026		6/15/2027	
Interest Rate/ Instrument:	1.1081% - SB		4.4074% - SB	
Purpose:	Bus Acquisition		Bus Acquisition	
Fiscal Year Ending June 30:				
2025	\$ 80,000	\$ 1,800	\$ 70,000	\$ 9,725
2026	<u>80,000</u>	<u>900</u>	70,000	6,750
2027			<u>80,000</u>	<u>3,600</u>
Totals:	\$ 160,000	\$ 2,700	\$ 220,000	\$ 20,075

Year of Issue:	2024		2024	
Amount Issued:	\$334,889		\$75,000	
Final Maturity:	6/15/2028		6/15/2029	
Purpose/Instrument	Bus Acquisition		Bus Acquisition	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 119,889	\$ 12,012	\$ -	\$ 3,480
2026	70,000	8,415	15,000	3,610
2027	70,000	6,175	20,000	2,950
2028	<u>75,000</u>	<u>3,375</u>	20,000	2,020
2029			<u>20,000</u>	<u>1,050</u>
Totals:	\$ 334,889	\$ 29,977	\$ 75,000	\$ 13,110

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	\$ 1,144,889	\$ 217,526	\$ 1,362,415	15.97%
2026	895,000	184,675	1,079,675	28.62%
2027	855,000	159,125	1,014,125	40.51%
2028	795,000	132,495	927,495	51.38%
2029	740,000	108,400	848,400	61.33%
2030	745,000	87,000	832,000	71.08%
2031	770,000	65,950	835,950	80.88%
2032	770,000	44,200	814,200	90.42%
2033	<u>795,000</u>	<u>22,450</u>	<u>817,450</u>	100.00%
Totals:	\$ 7,509,889	\$ 1,021,821	\$ 8,531,710	

Status of Short-Term Indebtedness

<u>Type</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
BAN	6/27/2024	6/27/2025	4.50%	\$6,200,000

*To be paid in full with a portion of this Note, together with \$340,000 available funds.

Cash Flow Borrowings

<u>Revenue Anticipation Notes</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2018-2019 State Aid	6/11/2019	10/30/2019	2.50%	\$950,000
2019-2020 State Aid	6/12/2020	10/30/2020	1.19%	\$995,000
2020-2021 State Aid	6/14/2021	10/29/2021	2.00%	\$995,000
2021-2022 State Aid	6/14/2022	10/28/2022	2.50%	\$995,000
2022-2023 State Aid	3/28/2023	7/28/2023	4.50%	\$2,800,000

Source: School District Note Records.

Capital Project Plans

On October 17, 2023, the District residents approved a \$20,465,000 capital project. The project consists of construction and reconstruction of existing school buildings and facilities within the District. Construction is estimated to start in November 2024 and last approximately 24 months. On March 14, 2024, the District issued \$2,000,000 Bond Anticipation Note. On June 27, 2024, the District issued a \$6,200,000 Bond Anticipation Note which paid off the \$2,000,000 Bond Anticipation Note and provided an additional \$4,200,000 of new money for said Project.

The proceeds of these Notes in the amount of \$13,060,000, along with \$340,000 available funds of the District, will redeem and renew, in part, the \$6,200,000 Bond Anticipation Note maturing on June 27, 2025 and provide \$7,200,000 of new money.

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 78.4%

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

A fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The provisions legislated, among other things, a new "assumed amortization" payout schedule for future State building aid payments based on an annual "average interest rate" and mandatory periods of probable usefulness with respect to the allocation of building aid. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates; however, no assurance can be given as to when and how much building aid the School District will receive in relation to its outstanding debt. See "State Aid" herein.

Debt Statement Summary

As of May 28, 2025

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Tupper Lake	\$ 479,796,256	70.00%	\$ 685,423,223
Piercefield	132,062,180	81.00%	163,039,728
Colton	24,911,137	87.00%	28,633,491
Total			<u>\$ 877,096,442</u>
Debt Limit: 10% of Full Valuation			\$ 87,709,644
Inclusions:			
Serial Bonds			\$ 7,509,889
Bond Anticipation Notes			6,200,000
Energy Performance Contract			
Total Inclusions:			<u>\$ 13,709,889</u>
Exclusions:			
Building Aid Estimate ¹			<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 13,709,889
New Monies This Issue:			<u>7,200,000</u>
Total Net Indebtedness After Giving Effect to this Issue			<u>\$ 20,909,889</u>
Net Debt Contracting Margin			\$ 66,799,755
Percentage of Debt-Contracting Power Exhausted			23.84%

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>
Franklin County	<u>\$ 685,423,223</u> \$ 4,554,424,658	15.05%	\$ 286,001	N/A	\$ 286,001	\$ 43,042
St. Lawrence County	<u>\$ 191,673,219</u> \$ 6,799,224,249	2.82%	\$ 23,180,000	N/A	\$ 23,180,000	\$ 653,455
Town of Tupper Lake	<u>\$ 685,423,223</u> \$ 685,423,223	100.00%	\$ 1,935,284	N/A	\$ 1,935,284	\$ 1,935,284
Town of Piercefield	<u>\$ 163,039,728</u> \$ 163,039,728	100.00%	\$ 502,214	N/A	\$ 502,214	\$ 502,214
Town of Colton	<u>\$ 28,633,491</u> \$ 399,575,669	7.17%	\$ 321,369	N/A	\$ 321,369	\$ 23,029
Village of Tupper Lake	<u>\$ 149,368,683</u> \$ 149,368,683	100.00%	\$ 20,863,318	N/A	\$ 20,863,318	<u>\$ 20,863,318</u>
Total						<u><u>\$ 24,020,342</u></u>

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2023.

Notes: Bonds and Bond Anticipation notes as of 2023 fiscal year. Not adjusted to include subsequent bond and note sales.

N/A Information not available from source document.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 28, 2025:

	Amount	Per Capita ^(a)	Percentage of Full Value ^(b)
Net Indebtedness	\$ 20,909,889	\$ 3,934.87	2.384%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 44,930,231	\$ 8,455.07	5.123%

(a) The District's estimated population is 5,314. (Source: 2023 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2024-25 is \$877,096,442.

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 for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal

indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article 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 Notes. If a significant default or other financial crisis should occur in the affairs of the State or any other jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT - State Aid").

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.

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) is not a specific preference item for purposes of the federal alternative minimum tax; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

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.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinions of Timothy R. McGill Esq., Fairport, New York, Bond Counsel, each to the effect that the Notes as the case may be, are valid and legally binding obligations of the District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Notes and the interest thereon without limitations as to rate or amount, the interest on the Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax; however interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code and that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest of the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Such opinion will state that (a) the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy, or completeness of the Official Statement relating to the Notes; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstance that may thereafter come to their attention or any changes in law.

The proposed form of such opinion is attached hereto as Appendix C.

LITIGATION

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

RATINGS

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

The most recent underlying rating assigned to the School District by S&P Global Ratings, a division of McGraw-Hill Companies, Inc., is an A+ rating which was assigned in connection with the issuance by the School District of \$1,495,000 School District (Serial) Bonds dated June 23, 2021.

A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such

rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the District's outstanding serial bonds may have an adverse effect on the market price of the bonds.

CONTINUING DISCLOSURE COMPLIANCE

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

The District is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-1.

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

Timothy R. McGill, Esq., Fairport, 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. 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.

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.

The School District's contact information is as follows: Jamie O'Dell, Director of Shared Business Services, phone: (518) 483-6420; email: jodell@fehbm.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 x 5 or at www.RGTimbsInc.net.

Tupper Lake Central School District

**Dated: May 29, 2025
Tupper Lake, New York**

Jane Whitmore
President of the Board of Education
and Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

	Budget					
Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Beginning Fund Balance - July 1	\$1,707,685	\$1,768,264	\$2,512,421	\$2,437,709	\$2,603,955 ^E	\$2,828,464 ^E
<u>Revenues:</u>						
Real Property Taxes	\$7,963,225	\$9,687,799	\$8,390,875	\$8,701,903	\$9,009,617	\$10,383,450
Other Tax Items	692,537	702,516	658,259	621,060	587,030	45,377
Charges for Services	70,141	5,629	2,306	15,178	6,006	0
Use of Money & Property	1,375	5,655	840	2,302	11,205	20,000
Miscellaneous	406,600	149,814	652,793	450,090	430,756	188,153
State Aid	9,580,955	8,486,737	9,399,411	10,179,336	10,620,640	10,931,857
Federal Aid	<u>20,071</u>	<u>184,503</u>	<u>18,963</u>	<u>934</u>	0	100,000
Total Revenues	\$18,734,904	\$19,222,653	\$19,123,447	\$19,970,803	\$20,665,254	\$21,668,837
<u>Expenditures:</u>						
General Support	\$1,970,833	\$2,576,995	\$2,646,394	\$2,703,360	\$3,188,353	\$3,374,698
Instruction	8,974,110	8,544,936	8,850,678	9,418,168	9,456,648	9,265,980
Transportation	632,641	578,231	652,378	625,136	640,749	666,456
Employee Benefits	5,681,254	5,576,016	5,566,873	6,162,642	5,666,057	6,487,314
Debt Service	1,262,287	1,162,318	1,410,111	1,421,089	1,409,855	2,004,389
Interfund Transfer	<u>153,200</u>	<u>40,000</u>	<u>100,000</u>	<u>56,349</u>	<u>71,841</u>	<u>120,000</u>
Total Expenditures	\$18,674,325	\$18,478,496	\$19,226,434	\$20,386,744	\$20,433,503	\$21,918,837
Adjustments			28,275	582,187	7,242	
Year End Fund Balance	\$1,768,264	\$2,512,421	\$2,437,709	\$2,603,955	\$2,828,464 ^E	\$2,578,464 ^E
Excess (Deficit) Revenues Over Expenditures	\$60,579	\$744,157	(\$102,987)	(\$415,941)	\$231,751 ¹	(\$250,000) ¹

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

Note: 1. Appropriated Fund Balance is planned to be used
E. Estimated

General Fund – Budget Summary

2025-26 Proposed Budget

Revenues:

Real Property Taxes & STAR	\$10,703,630
Other Tax Items	0
Charges for Services	0
Use of Money & Property	103,000
Sale of Property	0
Miscellaneous	447,000
State Aid	10,578,916
Federal Aid	0
Interfund Transfers	0
Appropriated Fund Balance	150,000
Total Revenues	<u>\$21,982,546</u>

Expenditures:

General Support	\$3,515,976
Instruction	8,302,124
Transportation	832,923
Employee Benefits	7,180,477
Debt Service	2,031,046
Interfund Transfers	120,000
Total Expenditures	<u>\$21,982,546</u>

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

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:					
Unrestricted Cash	\$573,198	\$1,783,930	\$2,912,257	\$3,736,407	\$544,503
Restricted Cash	471,071	1,147,120	473,682	765,829	1,109,944
Accounts Receivable	16,687	0	0	0	15,398
Due from Other Funds	2,407,070	3,498,445	1,162,291	1,210,418	1,741,607
Due from State & Federal	571,288	1,311,858	776,127	894,979	1,699,473
Total Assets	<u>\$4,039,314</u>	<u>\$7,741,353</u>	<u>\$5,324,357</u>	<u>\$6,607,633</u>	<u>\$5,110,925</u>
Liabilities:					
Accounts Payable	\$201,882	\$227,478	\$436,187	\$65,120	\$1,440,038
Accrued Liabilities	0	373,602	166,113	45,201	33,587
Notes Payable:					
Bond Anticipation Notes	0	0	0	0	0
Revenue Anticipation Notes	995,000	995,000	995,000	2,806,328	0
Due to Other Funds	380,289	2,887,160	507,809	324,966	0
Due to Other Governments	0	0	0	0	0
Due Retirement System	693,879	745,692	781,539	760,431	798,960
Unearned Revenues	0	0	0	1,632	9,876
Total Liabilities:	<u>\$2,271,050</u>	<u>\$5,228,932</u>	<u>\$2,886,648</u>	<u>\$4,003,678</u>	<u>\$2,282,461</u>
Fund Balances:					
Restricted	\$470,568	\$470,568	\$473,682	765,829	1,109,943
Assigned	706,967	350,000	526,329	763,963	262,186
Unassigned	590,729	1,691,853	1,437,698	1,074,163	1,456,335
Total Fund Balance	<u>\$1,768,264</u>	<u>\$2,512,421</u>	<u>\$2,437,709</u>	<u>\$2,603,955</u>	<u>\$2,828,464</u>
Total Liabilities and Fund Balance	<u>\$4,039,314</u>	<u>\$7,741,353</u>	<u>\$5,324,357</u>	<u>\$6,607,633</u>	<u>\$5,110,925</u>

Source: Audited Financial Reports. This table is NOT audited.

APPENDIX B

Audited Financial Statements For The Fiscal Year Ended June 30, 2024

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.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Financial Statements
Year Ended June 30, 2024

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Independent Auditor's Report

To the Board of Education
Tupper Lake Central School District
Tupper Lake, 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 Tupper Lake Central School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Tupper Lake Central 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 Tupper Lake Central School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 Tupper Lake Central School District 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 Tupper Lake Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tupper Lake Central School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of progress for the retiree health plan, schedule of proportionate share of net pension asset/liability, and schedule of contributions on pages 4-9 and 46-49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tupper Lake Central School District's basic financial statements. The accompanying schedule of change from original budget to revised budget, section 1318 real property tax law calculation, 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 schedule of change from original budget to revised budget, section 1318 real property tax law calculation, 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 November 6, 2024, on our consideration of Tupper Lake Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tupper Lake Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tupper Lake Central School District's internal control over financial reporting and compliance.

Telling & Hillman, P.C.
Telling & Hillman, P.C.
License # 092.0131564
Middlebury, Vermont
November 6, 2024

**TUPPER LAKE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2024**

As management of Tupper Lake Central School District, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. Other forward-looking indicators will also assist the reader to assess the overall financial health of the District.

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

The government-wide financial statements consist of the following activities:

- Governmental activities – Most of the District's basic services are reported here, including general support, instruction, and pupil transportation. Real property taxes and state and federal grants finance most of these activities.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds

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

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains four governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Special Aid Fund, Capital Projects Fund, and School Food Service fund, all of which are considered major funds.

The General Fund is the only fund which the District legally adopts a budget. The Schedule of Revenues and Expenditures – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the District. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary funds use the accrual basis of accounting and are reported using the economic resources measurement focus.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide explanations of the accounting principles followed and include tables with more detailed analyses of accounts requiring further clarification. The notes to the financial statements can be found immediately following the basic financial statements.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. The supplementary information can be found immediately after the notes to the financial statements.

Supplementary information

Supplementary information includes schedules that are not a required part of the basic financial statements but are presented for purposes of additional analysis. The supplementary information is presented following the required supplementary information.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$77,179,861 (i.e., net position), a change of \$(7,126,930) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total revenue of \$23,374,545 a change of \$1,711,479 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total expenses of \$30,501,475, a change of \$5,985,606 in comparison to the prior year.

- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$2,568,876, a change of \$(331,090) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total revenue of \$23,339,081, a change of \$1,676,015 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total expenses of \$24,115,524, a change of \$1,602,681 in comparison to the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the General Fund was \$1,456,335, a change of \$389,414 in comparison to the prior year.
- As of the close of the current fiscal year, the District reported total outstanding long-term indebtedness of \$7,740,146, a change of \$(700,656) in comparison to the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

Net Position

	June 30, 2024	June 30, 2023	Percentage Change
Assets			
Current assets	\$ 11,499,528	\$ 6,737,990	70.7%
Noncurrent assets	4,106,936	5,859,295	-29.9
Total assets	15,606,464	12,597,285	23.9
Deferred outflows of resources			
OPEB	13,347,182	12,611,660	5.8
Pensions	3,669,841	4,513,826	-18.7
Total deferred outflows of resources	17,017,023	17,125,486	-0.6
Total assets and deferred outflows of resources	\$ 32,623,487	\$ 29,722,771	9.8%
Liabilities			
Current liabilities	\$ 8,876,801	\$ 3,697,587	140.1%
Long-term liabilities	90,047,138	87,044,295	4.5
Total liabilities	99,823,939	90,741,882	10.0
Deferred inflows of resources			
Unearned revenue – federal aid	42,622	136,969	-68.9
Unearned revenue – prepaid meals	11,229	3,468	223.8
OPEB	9,090,489	8,458,417	7.5
Pension	835,069	434,966	92.0
Total deferred inflows of resources	9,979,409	9,033,820	10.5
Net position			
Net investment in capital assets	(2,478,210)	(1,311,507)	89.0
Restricted	1,109,943	765,829	44.9
Unrestricted	(75,811,594)	(69,507,253)	9.1
Total net position	(77,179,861)	(70,052,931)	10.2
Total liabilities, deferred inflows of resources, and net position	\$ 32,623,487	\$ 29,722,771	9.8%

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$(77,179,861), a change of \$(7,126,930) from the prior year.

\$(2,478,210), reflects our investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$1,109,943, represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position in the amount of \$(75,811,594) is a deficit, primarily resulting from the District's unfunded net pension liability and Other Post-Employment Benefit (OPEB) liability.

	<u>Change in Net Position</u>		
	June 30, 2024	June 30, 2023	Percentage Change
Revenues			
Program Revenues			
Charges for services	\$ 33,363	\$ 125,517	-73.4%
Operating grants	2,622,109	1,558,334	68.3
General revenues			
Property taxes and tax items	9,596,647	9,322,963	2.9
State sources	10,620,640	10,180,270	4.3
Use of money and property	11,322	2,343	383.2
Premium on obligation	35,464	-	-
Miscellaneous	455,000	473,639	3.9
Total revenues	<u>23,374,545</u>	<u>21,663,066</u>	<u>7.9</u>
Expenses			
General support	3,459,267	2,935,185	17.9
Instruction	13,637,482	12,692,749	7.4
Pupil transportation	891,513	889,509	0.2
Employee benefits	11,434,479	7,154,329	59.8
Interest	299,310	236,536	26.5
School lunch program	779,424	607,561	28.3
Total expenses	<u>30,501,475</u>	<u>24,515,869</u>	<u>24.4</u>
Change in net position	(7,126,930)	(2,852,803)	149.8
Net position – beginning of year	<u>(70,052,931)</u>	<u>(67,200,128)</u>	<u>4.2</u>
Net position – end of year	\$ <u>(77,179,861)</u>	\$ <u>(70,052,931)</u>	\$ <u>10.2%</u>

Governmental activities

The District's total revenues for the 2024 fiscal year were \$23,374,545 versus expenses of \$30,501,475. For the year, the District's net position decreased by \$7,126,930 to bring the total net position of the primary government to \$(77,179,861). The drivers of revenues for the year were state sources, property taxes, and operating grants. State sources comprised 45% of total revenues while property taxes and tax items were 41% of total revenue. Revenues were up from the prior year by \$1,711,479.

For expenses, general support, instruction, and employee benefits made up a majority of the costs of the governmental activities. Total expenses for general support were \$3,459,267 which consisted primarily of finance, central services, and special items. Instruction total expenses for the year were \$13,637,482. Costs associated with instruction included \$4,472,445 of teaching – regular school and \$2,892,446 of programs for handicapped children.

Governmental funds

General Fund – the General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance was \$1,456,335 and the total fund equity was \$2,828,464. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For the current year, unassigned fund balance represents 7% of total expenditures (including transfers out), while total fund balance was 14% of the same amount. The total fund balance of the District's General Fund increased by \$231,751 during the current fiscal year.

Special Aid Fund – the Special Aid Fund is used to account for operating projects or programs supported in whole, or in part, with federal funds or state or local grants. The fund balance at the end of the year was \$0. The fund balance of the District's Special Aid Fund did not change during the current fiscal year.

Capital Projects Fund – the Capital Projects Fund is used to account for the financial resources used for the acquisition, construction, or major repair of capital facilities. The fund balance at the end of the year was \$(281,717). The fund balance of the District's Capital Projects fund decreased by \$517,792 during the current fiscal year.

School Food Service Fund – the School Food Service Fund is used to account for transactions of the lunch and breakfast programs. The fund balance at the end of the year was \$22,129. The fund balance of the School Food Service Fund decreased by \$45,049 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the District reallocates funds within the General Fund budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the District's original and final general fund budget amounts compared with actual results is shown on the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund.

The original budget for the General Fund for Tupper Lake Central School was \$22,383,780. The total was revised during year to \$22,797,742. The difference arises from the prior year encumbrances.

The School District had a positive performance of expenditures with the original budget after last year encumbrances of \$22,797,742 and an actual performance of \$20,433,503 of expenditures, and \$12,186 of encumbrances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

Total investment in capital assets for governmental activities at year end amounted to \$4,106,936 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

Capital Asset Additions	
Construction in Progress	\$ 787,052
Root Tank	12,125
Elevator	193,287

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt

At June 30, 2024, the District's long-term debt balance consisted of bonds and notes payable totaling \$7,740,146, a decrease of \$700,656 from June 30, 2023.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The District relies heavily on school taxes to support the budget. In 2011, New York State established the property tax cap law limiting school districts ability to raise taxes by 2% or the rate of inflation, whichever is less. This makes it difficult for districts trying to increase school taxes to supplement any the state aid reduction. With revenue sources limited, primarily to state aid and property taxes, it is difficult to keep up with rising costs to provide a quality education to our students.

The uncertainty of the state's financial position, as it relates to its funding of education, and ongoing litigation challenging the formulas used by New York State to distribute aid, make it difficult to project revenues as a part of the District's long-term planning.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Tupper Lake Central School District Offices
Attn: School Business Executives
294 Hosley Road
Tupper Lake, NY 12986

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Statement of Net Position
Year Ended June 30, 2024

Assets

Cash - unrestricted	\$ 7,114,828
Cash - restricted	1,109,944
Accounts receivable	15,398
Due from other governments	102,038
State and federal aid receivable	3,140,227
Inventories	17,093
Capital assets, net of accumulated depreciation	4,106,936
Total assets	<u>15,606,464</u>

Deferred outflows of resources

OPEB	13,347,182
Pension	3,669,841
Total deferred outflows of resources	<u>17,017,023</u>

Total assets and deferred outflows of resources	\$ <u>32,623,487</u>
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Liabilities

Payables:

Accounts payable	\$ 1,832,736
Due to other governments	1,160
Accrued expenses	36,585
Bond anticipation note	6,200,000

Long-term liabilities:

Due and payable within one year:

Bonds payable	1,151,492
Notes payable	33,938
Due to Teachers' Retirement System	729,922
Due to Employees' Retirement System	76,398

Due and payable after one year:

Bonds payable	6,404,626
Notes payable	150,090
Compensated absences payable	444,525
Net pension liabilities - proportionate share	1,474,050
Other postemployment benefits payable	81,288,417
Total liabilities	<u>99,823,939</u>

Deferred inflows of resources

Unearned revenue - federal aid	42,622
Unearned revenue - prepaid meals	11,229
OPEB	9,090,489
Pension	835,069
Total deferred inflows of resources	<u>9,979,409</u>

Net position

Net investment in capital assets	(2,478,210)
Restricted:	
Unemployment insurance	203,153
Employee benefits	471,494
Retirement contributions	435,296
Unrestricted	<u>(75,811,594)</u>
Total net position	<u>(77,179,861)</u>

Total liabilities, deferred inflows of resources, and net position	\$ <u>32,623,487</u>
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The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

**Statement of Activities
Year Ended June 30, 2024**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Functions/Programs	Expenses			
General support	\$ 3,459,267	\$ 6,006	\$ -	\$ (3,453,261)
Instruction	13,637,482	-	1,963,411	(11,674,071)
Pupil transportation	891,513	-	-	(891,513)
Employee benefits	11,434,479	-	-	(11,434,479)
Interest expense	299,310	-	-	(299,310)
Cost of sales - school lunch	779,424	27,357	658,698	(93,369)
Total functions/programs	\$ <u>30,501,475</u>	\$ <u>33,363</u>	\$ <u>2,622,109</u>	<u>(27,846,003)</u>
General revenues				
Real property taxes				9,009,617
Other tax items				587,030
Use of money and property				11,322
Miscellaneous				455,000
State sources not restricted to specific programs				10,620,640
Premium on obligations				<u>35,464</u>
Total general revenues				<u>20,719,073</u>
Change in net position				(7,126,930)
Net position - beginning of year				<u>(70,052,931)</u>
Net position - end of year				<u>\$ (77,179,861)</u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
Year Ended June 30, 2024

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>School Food Service</u>	<u>Total Governmental Funds</u>
Assets					
Cash - unrestricted	\$ 544,503	\$ 45,237	\$ 6,490,395	\$ 34,693	\$ 7,114,828
Cash - restricted	1,109,944	-	-	-	1,109,944
Accounts receivable	15,398	-	-	-	15,398
Due from other funds	1,741,607	20,000	-	-	1,761,607
Due from other governments	-	-	-	102,038	102,038
State and federal aid receivable	1,699,473	1,408,215	-	32,539	3,140,227
Inventories	-	-	-	17,093	17,093
Total assets	\$ 5,110,925	\$ 1,473,452	\$ 6,490,395	\$ 186,363	\$ 13,261,135
Liabilities					
Payables:					
Accounts payable	\$ 1,440,038	\$ 1,675	\$ 239,178	\$ 151,845	\$ 1,832,736
Due to other governments	-	-	-	1,160	1,160
Accrued expenses	33,587	2,998	-	-	36,585
Due to other funds	-	1,428,673	332,934	-	1,761,607
Due to Teachers' Retirement	723,619	6,303	-	-	729,922
Due to Employees' Retirement	75,341	1,057	-	-	76,398
Bond anticipation note	-	-	6,200,000	-	6,200,000
Total liabilities	<u>2,272,585</u>	<u>1,440,706</u>	<u>6,772,112</u>	<u>153,005</u>	<u>10,638,408</u>
Deferred inflows of resources					
Unearned revenue - federal aid	9,876	32,746	-	-	42,622
Unearned revenue - prepaid meals	-	-	-	11,229	11,229
Total deferred inflow of resources	<u>9,876</u>	<u>32,746</u>	<u>-</u>	<u>11,229</u>	<u>53,851</u>
Fund balance					
Nonspendable	-	-	-	17,093	17,093
Restricted:					
Unemployment Insurance	203,153	-	-	-	203,153
Employee benefits	471,494	-	-	-	471,494
Retirement contributions	435,296	-	-	-	435,296
Assigned:					
Appropriated fund balance	250,000	-	-	-	250,000
Unappropriated fund balance	12,186	-	-	5,036	17,222
Unassigned	<u>1,456,335</u>	<u>-</u>	<u>(281,717)</u>	<u>-</u>	<u>1,174,618</u>
Total fund balance	<u>2,828,464</u>	<u>-</u>	<u>(281,717)</u>	<u>22,129</u>	<u>2,568,876</u>
Total liabilities, deferred inflows of resources, and fund balance	\$ 5,110,925	\$ 1,473,452	\$ 6,490,395	\$ 186,363	\$ 13,261,135

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
Year Ended June 30, 2024

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position
Assets				
Cash - unrestricted	\$ 7,114,828	\$ -	\$ -	\$ 7,114,828
Cash - restricted	1,109,944	-	-	1,109,944
Accounts receivable	15,398	-	-	15,398
Due from other funds	1,761,607	-	(1,761,607)	-
Due from other governments	102,038	-	-	102,038
State and federal aid receivable	3,140,227	-	-	3,140,227
Inventories	17,093	-	-	17,093
Capital assets, net of accumulated depreciation	-	4,106,936	-	4,106,936
Total assets	<u>13,261,135</u>	<u>4,106,936</u>	<u>(1,761,607)</u>	<u>15,606,464</u>
Deferred outflows of resources				
OPEB	-	13,347,182	-	13,347,182
Pension	-	3,669,841	-	3,669,841
Total deferred outflows of resources	<u>-</u>	<u>17,017,023</u>	<u>-</u>	<u>17,017,023</u>
Total assets and deferred outflows of resources	<u><u>\$ 13,261,135</u></u>	<u><u>\$ 21,123,959</u></u>	<u><u>\$ (1,761,607)</u></u>	<u><u>\$ 32,623,487</u></u>
Liabilities				
Payables:				
Accounts payable	\$ 1,832,736	\$ -	\$ -	\$ 1,832,736
Due to other governments	1,160	-	-	1,160
Accrued expenses	36,585	-	-	36,585
Due to other funds	1,761,607	-	(1,761,607)	-
Due to Teachers' Retirement System	729,922	-	-	729,922
Due to Employees' Retirement System	76,398	-	-	76,398
Bond anticipation note	6,200,000	-	-	6,200,000
Bonds payable	-	7,556,118	-	7,556,118
Notes payable	-	184,028	-	184,028
Compensated absences	-	444,525	-	444,525
Net pension liability - proportionate share	-	1,474,050	-	1,474,050
Postemployment benefits	-	81,288,417	-	81,288,417
Total liabilities	<u>10,638,408</u>	<u>90,947,138</u>	<u>(1,761,607)</u>	<u>99,823,939</u>
Deferred inflows of resources				
Unearned revenue - federal aid	42,622	-	-	42,622
Unearned revenue - prepaid meals	11,229	-	-	11,229
OPEB	-	9,090,489	-	9,090,489
Pension	-	835,069	-	835,069
Total deferred inflows of resources	<u>53,851</u>	<u>9,925,558</u>	<u>-</u>	<u>9,979,409</u>
Fund balance/net position				
Total fund balance/net position	<u>2,568,876</u>	<u>(79,748,737)</u>	<u>-</u>	<u>(77,179,861)</u>
Total liabilities, deferred inflows of resources, and fund balance/net position	<u><u>\$ 13,261,135</u></u>	<u><u>\$ 21,123,959</u></u>	<u><u>\$ (1,761,607)</u></u>	<u><u>\$ 32,623,487</u></u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2024

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>School Food Service</u>	<u>Total Governmental Funds</u>
Revenues					
Real property taxes	\$ 9,009,617	\$ -	\$ -	\$ -	\$ 9,009,617
Other tax items	587,030	-	-	-	587,030
Charges for services	6,006	-	-	-	6,006
Use of money and property	11,205	-	113	4	11,322
State sources	10,620,640	296,436	-	287,177	11,204,253
Federal sources	-	1,666,975	-	371,521	2,038,496
Sales	-	-	-	27,357	27,357
Miscellaneous	430,756	23,484	-	760	455,000
Total revenues	<u>20,665,254</u>	<u>1,986,895</u>	<u>113</u>	<u>686,819</u>	<u>23,339,081</u>
Expenditures					
General support	3,188,353	-	963,258	-	4,151,611
Instruction	9,456,648	1,986,895	-	-	11,443,543
Pupil transportation	640,749	-	-	-	640,749
Employee benefits	5,666,057	-	-	24,285	5,690,342
Debt service:					
Principal	1,110,545	-	-	-	1,110,545
Interest	299,310	-	-	-	299,310
Cost of sales	-	-	-	779,424	779,424
Total expenditures	<u>20,361,662</u>	<u>1,986,895</u>	<u>963,258</u>	<u>803,709</u>	<u>24,115,524</u>
Excess (deficiency) of revenues over expenditures	<u>303,592</u>	<u>-</u>	<u>(963,145)</u>	<u>(116,890)</u>	<u>(776,443)</u>
Other financing sources and (uses)					
Bond proceeds	-	-	409,889	-	409,889
Premium on obligations	-	-	35,464	-	35,464
Operating transfers in	-	-	-	71,841	71,841
Operating transfers (out)	(71,841)	-	-	-	(71,841)
Total other sources and (uses)	<u>(71,841)</u>	<u>-</u>	<u>445,353</u>	<u>71,841</u>	<u>445,353</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>231,751</u>	<u>-</u>	<u>(517,792)</u>	<u>(45,049)</u>	<u>(331,090)</u>
Fund balance - beginning of year, as previously stated	2,603,955	(7,242)	236,075	67,178	2,899,966
Prior period adjustment	<u>(7,242)</u>	<u>7,242</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning of year, restated	<u>2,596,713</u>	<u>-</u>	<u>236,075</u>	<u>67,178</u>	<u>2,899,966</u>
Fund balance - end of year	<u>\$ 2,828,464</u>	<u>\$ -</u>	<u>\$ (281,717)</u>	<u>\$ 22,129</u>	<u>\$ 2,568,876</u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended June 30, 2024

	Total Governmental Funds	Long-term Revenues, Expenses	Capital Related Funds	Long-term Debt Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenues						
Real property taxes	\$ 9,009,617	\$ -	\$ -	\$ -	\$ -	\$ 9,009,617
Other tax items	587,030	-	-	-	-	587,030
Charges for services	6,006	-	-	-	-	6,006
Use of money and property	11,322	-	-	-	-	11,322
State sources	11,204,253	-	-	-	-	11,204,253
Federal sources	2,038,496	-	-	-	-	2,038,496
Sales	27,357	-	-	-	-	27,357
Miscellaneous	455,000	-	-	-	-	455,000
Total revenues	23,339,081	-	-	-	-	23,339,081
Expenditures/Expenses						
General support	4,151,611	243,771	(936,115)	-	-	3,459,267
Instruction	11,443,543	2,193,939	-	-	-	13,637,482
Pupil transportation	640,749	250,764	-	-	-	891,513
Employee benefits	5,690,342	5,744,137	-	-	-	11,434,479
Debt services:						
Principal	1,110,545	-	-	(1,110,545)	-	-
Interest	299,310	-	-	-	-	299,310
Cost of sales	779,424	-	-	-	-	779,424
Total expenditures/expenses	24,115,524	8,432,611	(936,115)	(1,110,545)	-	30,501,475
Excess (deficiency) of revenues over expenditures	<u>(776,443)</u>	<u>(8,432,611)</u>	<u>936,115</u>	<u>1,110,545</u>	<u>-</u>	<u>(7,162,394)</u>
Other sources and (uses)						
Bond proceeds	409,889	-	-	(409,889)	-	-
Premium on obligations	35,464	-	-	-	-	35,464
Operating transfers in	71,841	-	-	-	(71,841)	-
Operating transfers (out)	(71,841)	-	-	-	71,841	-
Total other sources and (uses)	445,353	-	-	(409,889)	-	35,464
Net change for the year	<u>\$ (331,090)</u>	<u>\$ (8,432,611)</u>	<u>\$ 936,115</u>	<u>\$ 700,656</u>	<u>\$ -</u>	<u>\$ (7,126,930)</u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2024

	Private Purpose Trusts	Custodial
Assets		
Cash	\$ 816,204	\$ 88,332
Accounts receivable	700	-
Total assets	\$ 816,904	\$ 88,332
Liabilities		
Due to other funds	\$ -	\$ -
Total liabilities	-	-
Net Position		
Restricted	816,904	88,332
Total liabilities and net position	\$ 816,904	\$ 88,332

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2024

	Private Purpose Trusts	Custodial
Additions		
Gifts and contributions	\$ 89,137	\$ 128,959
Library taxes collected	-	271,347
Total additions	89,137	400,306
Deductions		
Scholarships and awards	67,580	-
Library taxes collected	-	271,347
Other custodial activities	-	129,776
Total deductions	67,580	401,123
Excess of expenditures over revenues	21,557	(817)
Net position - beginning of year, restated	795,347	89,149
Net position - end of year	\$ 816,904	\$ 88,332

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

Tupper Lake Central School District ("the District") provides K-12 public education to students living within its geographic borders.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

a) Reporting Entity

The District is governed by the laws of the State of New York. The District is an independent entity governed by an elected Board of Education consisting of 6 members. The President of the Board serves as the Chief Fiscal Officer and the Superintendent is the Chief Executive Officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

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

Extraclassroom Activity Funds

The extraclassroom activity funds represent funds of students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in a custodial fund.

Public Library

The Tupper Lake Public Library jointly shares the services of the District Treasurer and the District collects taxes and has title to real property used by the Library. The Library is an independent body whose Trustees are elected separately from the School District. Further review of GASB's requirements for component units indicate that the operations of the Library should not be reflected in the District's financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Joint Venture

The District is one of ten component school districts in Franklin-Essex-Hamilton Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographical area that shares planning, services and programs that provide educational and support activities.

There is no authority or process by which a school district can terminate its status as a BOCES component. BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)).

In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

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

During the year, the District was billed \$363,806 for BOCES administrative and capital costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$0 of bond anticipation notes on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$1,155,000.

The District's share of BOCES aid amounted to \$1,471,677.

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

c) Basis of Presentation

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both government-wide and fund financial statements categorize primary activities as governmental. The District's General Fund, Special Aid Fund, Capital Projects Fund, and School Food Service Fund are classified as governmental.

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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

c) Basis of Presentation (continued)

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

Fund statements

The District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditure for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The special revenue funds classified as major are:

Special Aid Fund: Used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.

School Food Service Fund: Used to account for transactions of the lunch and breakfast programs.

Capital Fund: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary funds:

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements because their resources do not belong to the District and are not available to be used.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

c) Basis of Presentation (continued)

There are two classes of fiduciary funds:

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

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as an agent for various student groups or extraclassroom activity funds. The District also collects property taxes on behalf of the Tupper Lake Public Library.

d) Measurement Focus and Basis of Accounting

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

e) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on November 30. Uncollectable real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District not later than the following April 1.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

f) Restricted Resources

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.

g) Interfund Transactions

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

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

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset. Refer to Note 6 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

h) 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, other post-employment benefits, pension benefits, useful lives of long-lived assets, lease liability.

i) Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

j) Accounts Receivable

Receivables are shown as gross. No allowance for uncollectible accounts has been provided since the District expects to collect the full amount.

k) Inventories

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount. A reserve for these non-liquid assets has been recognized to signify that a portion of fund balance is not available for other subsequent events.

l) Capital Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Land and construction-in-progress are not depreciated. 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:

		<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$	5,000	Straight line	5-15 years
Furniture and equipment	\$	5,000	Straight line	3-7 years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

m) Deferred Outflows of Resources

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

n) Deferred Inflows of Resources

In addition to liabilities the Statement of Net Position or Balance Sheet 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 three items that qualify for reporting in this category.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

n) Deferred Inflows of Resources (continued)

The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS Systems) and differences during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system 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 effect of net changes of assumption or other inputs. The third item is related to unearned revenue. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. The District reports unearned on its governmental funds balance sheet and Statement of Net Position as a deferral related to a future period.

o) Compensated Absences

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

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

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

The liability for compensated absences 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 rate 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.

p) Other Benefits

The District participates on the New York State Teachers' Retirement System (TRS) and 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.

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

q) Short-term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

The District may issue Bond Anticipation Notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

r) Accrued Liabilities and Long-term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

s) 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 the assets or deferred outflows of resources 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 the definition of the above two classifications and is deemed to be available for general use by the District.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

s) Equity Classifications (continued)

Fund statements:

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

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2024, non-spendable fund balance includes the inventory in the School Food Service Fund of \$17,093.

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. All encumbrances of funds other than the General Fund are classified as restricted fund balances. The District has established the following restricted fund balances:

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.

Employee Benefit Accrued Liability Reserve

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

Retirement Contribution Reserve

According to General Municipal Law (GML §6-r), all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employee's Retirement System, this reserve is established by Board resolution and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separately and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

s) Equity Classifications (continued)

Restricted fund balance includes the following:

General Fund:

Unemployment insurance	\$	203,153
Employee benefits		471,494
Retirement contributions		435,296
	\$	<u>1,109,943</u>

Committed – Includes amounts that can only be used for the specific purpose pursuant to constraints imposed by formal action of the school districts highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balance as of June 30, 2024.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances reported in the general fund amount to \$12,186. Appropriated fund balance in the General Fund amounted to \$250,000. Any remaining fund balance in other funds is considered assigned. As of June 30, 2024 the District's general fund encumbrances were classified as follows:

General support	\$	2,778
Instruction		6,810
Pupil transportation		2,598
Total	\$	<u>12,186</u>

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 District and could report a surplus or deficit. In the funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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. Non-spendable and restricted fund balance in the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Net Position/Fund Balance

Net position flow assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted – net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

s) Equity Classifications (continued)

Fund balance flow assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to be reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Order of use of fund balance – The District's policy is to apply expenditures against non-spendable 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, non-spendable fund balances are determined first and then restricted fund balances for specific purposes 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. Assignment of fund balance cannot cause a negative unassigned fund balance.

t) Implementation of New Accounting Standards

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections ("ACEC"). GASB 100 also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information. The requirements of this statement are effective for ACECs made for the fiscal year ending June 30, 2024.

Note 2. Stewardship, Compliance and Accountability

Budgets procedures and budgetary accounting

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

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

Appropriations are adopted at the program line item level.

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

Budgets are established annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2024.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 2. Stewardship, Compliance and Accountability (continued)

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

Encumbrances

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

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include using its fund balance in future budgets to provide stability to taxpayers in a fiscally responsible manner.

Fund balance/net position deficits

The Capital Projects Fund has a fund deficit at June 30, 2024 of \$281,717. This will be liquidated through transfers from the general fund in subsequent years.

The District has a net position deficit of \$77,179,861 at June 30, 2024. This is a result of the other post-employment benefits being fully unfunded.

Note 3. Explanation of Certain Differences between Fund Statements and District-wide Statements

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

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

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 3. Explanation of Certain Differences between Fund Statements and District-wide Statements (continued)

Explanation of Differences between Governmental Fund Balance and District-wide Net Position

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$	2,568,876
Assets		
Capital assets net of related depreciation		4,106,936
Deferred outflows of resources:		
OPEB		13,347,182
Pensions		3,669,841
Liabilities:		
Bonds payable		(7,556,118)
Notes payable		(184,028)
Compensated absences		(444,525)
Net pension liability – proportionate share		(1,474,050)
Other post-employment benefits		(81,288,417)
Deferred inflows of resources:		
OPEB		(9,090,489)
Pensions		(835,069)
Ending net position reported in Statement of Position for governmental activities	\$	<u>(77,179,861)</u>

- b) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities: Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 3. Explanation of Certain Differences between Fund Statements and District-wide Statements (continued)

iv) Other post-employment benefits:

Other post-employment benefits differences occur as a result of changes in the District's OPEB liability and differences between the District's contributions and OPEB expenses.

v) Pension differences:

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

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

Total revenues and other funding sources of governmental funds	\$	23,784,434
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increase long-term liabilities in the Statement of Net Position.

(409,889)

Total revenues of governmental activities in the Statement of Activities	\$	<u>23,374,545</u>
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Total expenditures reported in governmental funds	\$	24,115,524
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In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount 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).

35,694

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 Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay		(936,115)
Current year depreciation		2,688,474

Repayment of bond and note principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

(1,110,545)

The payment of other post-employment benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. However, in the Statement of Activities, the current cost plus the actuarial cost of future benefits are combined and recognized as an expense. This is the amount by which the annual OPEB cost exceeded the premiums paid.

5,049,315

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

659,128

Total expenses of governmental activities in the Statement of Activities	\$	<u>30,501,475</u>
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TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 4. Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risk

Cash

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

The District's aggregate bank balance (disclosed in the financial statements) included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$	-
Collateralized securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$	8,431,574

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$1,109,944 within the governmental funds and \$904,536 in the fiduciary funds.

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institutions' trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2024 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investments and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State, and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 4. Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risk (continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured, or guaranteed as to the payment of principal and interest, by the United State Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

Note 5. Receivables

Receivables at year-end for individual funds are as follows:

Description	General	Special Aid	Capital Projects	School Food Service	Total
Accounts receivable	\$ 15,398	\$ -	\$ -	\$ -	\$ 15,398
Due from State and Federal	1,699,473	1,408,215	-	32,539	3,140,227
Total	<u>\$ 1,714,871</u>	<u>\$ 1,408,215</u>	<u>\$ -</u>	<u>\$ 32,539</u>	<u>\$ 3,155,625</u>

District management has deemed the amounts to be fully collectible.

Note 6. Interfund Balances and Activity

Interfund balances and activity at June 30, 2024 and for the fiscal year then ended, were as follows:

Fund	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenses
General Fund	\$ 1,741,607	\$ -	\$ -	\$ 71,841
School Food Service Fund	-	-	71,841	-
Special Aid Fund	20,000	1,428,673	-	-
Capital Projects Fund	-	332,934	-	-
Private Purpose Trust Fund	-	-	-	-
Total	<u>\$ 1,761,607</u>	<u>\$ 1,761,607</u>	<u>\$ 71,841</u>	<u>\$ 71,841</u>

Transfer from	Transfer to	Amount	Purpose
General Fund	School Food Service Fund	\$ 71,841	Fund School Food Service expenditures

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

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 7. Capital Assets

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

	<u>6/30/23 Balance</u>	<u>Additions</u>	<u>Retirements Reclassify</u>	<u>6/30/24 Balance</u>
Capital assets that are not depreciated:				
Land	\$ 57,700	\$ -	-	\$ 57,700
Construction in progress	56,349	787,052	56,349	787,052
Total	<u>114,049</u>	<u>787,052</u>	<u>56,349</u>	<u>844,752</u>
Capital assets that are depreciated:				
Building and land improvements	1,347,940	-	-	1,347,940
Buildings	31,663,605	193,287	-	31,856,892
Machinery and equipment	939,833	12,125	-	951,958
Vehicles	2,831,057	-	108,871	2,722,186
Total	<u>36,782,435</u>	<u>205,412</u>	<u>108,871</u>	<u>36,878,976</u>
Less accumulated depreciation:				
Building and land improvements	909,384	89,863	-	999,247
Building and improvements	26,913,938	2,123,793	-	29,037,731
Machinery and equipment	1,264,144	224,054	-	1,488,198
Vehicles	1,949,723	250,764	108,871	2,091,616
Total	<u>31,037,189</u>	<u>2,688,474</u>	<u>108,871</u>	<u>33,616,792</u>
Total capital assets - net	<u>\$ 5,859,295</u>	<u>\$ (1,696,010)</u>	<u>(56,349)</u>	<u>\$ 4,106,936</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 243,771
Instruction	2,193,939
Pupil transportation	250,764
	<u>\$ 2,688,474</u>

Note 8. Indebtedness

Short-term debt

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

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
RAN	4/28/23	4.50%	\$ 2,806,328	\$ -	\$ 2,806,328	\$ -
BAN	6/27/25	4.50%	-	6,200,000	-	6,200,000
BAN	6/27/24	4.25%	-	2,000,000	2,000,000	-
			<u>\$ 2,806,328</u>	<u>\$ 8,200,000</u>	<u>\$ 4,806,328</u>	<u>\$ 6,200,000</u>

Interest paid on short-term debt for the year ended June 30, 2024 was \$35,672.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 8. Indebtedness (continued)

Long-term debt

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

Serial bonds

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the general fund's future budgets for capital indebtedness.

Interest paid on long-term debt for the year ended June 30, 2024 was \$263,639.

Long-term liability balances and activity for the year ended June 30, 2024 are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Serial bond	\$ 8,222,832	\$ 409,889	\$ 1,076,603	\$ 7,556,118
Notes payable	217,970	-	33,942	184,028
Other liabilities:				
Compensated absences	408,831	35,694	-	444,525
Post – employment benefits	76,135,652	5,152,765	-	81,288,417
Net pension liability	2,059,010	-	584,960	1,474,050
	<u>\$ 87,044,295</u>	<u>\$ 5,598,348</u>	<u>\$ 1,695,505</u>	<u>\$ 90,947,138</u>

Existing serial bond obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Original Amount	Balance
Serial bond	6/15/18	6/15/33	2.840%	\$ 8,287,833	\$ 5,381,229
Serial bond	6/24/10	6/15/25	3.25-4.00%	2,085,034	150,000
Serial bond	6/15/21	6/15/25	1.28%	313,000	80,000
Serial bond	6/23/21	6/15/33	1.49%	1,495,000	1,155,000
Serial bond	8/30/21	6/15/26	1.00-1.125%	313,000	160,000
Serial bond	3/21/23	6/15/27	4.41%	275,000	220,000
Serial bond	1/18/24	6/15/28	3.85%	334,889	334,889
Serial bond	6/28/24	6/15/29	0%	75,000	75,000
Note payable	7/1/14	6/1/29	0.086%	554,212	184,028
					<u>7,740,146</u>
Less current portion					<u>(1,185,430)</u>
Long-term portion					<u>\$ 6,554,716</u>

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 8. Indebtedness (continued)

The following is a summary of maturing debt service requirements:

<u>Years ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,185,430	\$ 218,184	\$ 1,403,614
2026	936,658	183,071	1,119,729
2027	897,739	158,244	1,055,983
2028	838,853	125,185	964,038
2029	785,001	107,578	892,579
2030-2034	3,096,465	178,632	3,275,097
	<u>\$ 7,740,146</u>	<u>\$ 970,894</u>	<u>\$ 8,711,040</u>

Note 9. Pension Plans

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

Plan Description and Benefits Provided

Provisions and administration:

Teachers' Retirement System (TRS)

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

The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State Statute. The New York TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York, 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple employer retirement system. The System provides retirement benefits, as well as, death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in the 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.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

System benefits are established under the provision of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State Statute.

The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The Systems are noncontributory except for the employees who joined after to July 27, 1976, who can contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 2010 who generally contribute 3% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarial 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.

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

	June 30	ERS	TRS
2024	\$	255,518	\$ 626,107
2023		200,663	611,128
2022		283,759	613,943

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

At June 30, 2024, 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, 2024 for ERS and June 30, 2023 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS System in reports provided to the District.

	ERS	TRS
Actuarial valuation date	4/1/23	6/30/23
Net pension asset/(liability)	\$ (1,106,312)	\$ (367,738)
District's portion of the Plan's total net pension asset/(liability)	0.0075136%	0.032157%
Change in proportion since prior Measurement date	\$ (274,113)	\$ (310,847)

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

For the year ended June 30, 2024 the District's recognized pension expense of \$473,480 for ERS and \$1,081,822 for TRS. At June 30, 2024, the District's reported deferred outflows of and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 356,342	\$ 891,668	\$ 30,166	\$ 2,204
Changes of assumptions	418,272	791,730	-	172,553
Net difference between projected and actual earnings on pension plan investments	-	187,981	540,427	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	100,969	220,374	88,310	1,409
District's contributions subsequent to the measurement date	76,398	626,107	-	-
Total	\$ <u>951,981</u>	\$ <u>2,717,860</u>	\$ <u>658,903</u>	\$ <u>176,166</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources

and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2024	\$ -	\$ 197,299
2025	(209,103)	(144,331)
2026	208,317	1,523,840
2027	323,785	148,706
2028	(106,319)	116,745
Thereafter	-	73,328

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.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Investment rate of return	5.90%	6.95%
Salary scale	4.40%	5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 Systems Experience
Inflation rate	2.90%	2.40%
Cost of living adjustment	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP 2021.

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2020 for June 30, 2021, applied on a generational basis.

For ERS, the actuarial assumption used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

For TRS, the demographic actuarial assumptions and salary scale are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

For TRS, 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 for each major asset class included in the target asset allocation are summarized as follows:

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

ERS	Target allocation	Long-term expected real rate of return
Asset type		
Domestic equity	32.0%	4.00%
International equity	15.0	6.65
Private equity	10.0	7.25
Real estate	9.0	4.60
Opportunistic return strategies	3.0	5.25
Credit	4.0	5.40
Real assets	3.0	5.79
Fixed income	23.0	1.50
Cash	1.0	0.25
	<u>100.0%</u>	

Real rates of return are net of the long-term inflation assumption of 2.90%

TRS	Target allocation	Long-term expected real rate of return
Asset type		
Domestic equity	33.0%	6.8%
International equity	15.0	7.6
Global Equity	4.0	7.2
Real estate equity	11.0	6.3
Private equity	9.0	10.1
Domestic fixed income securities	16.0	2.2
Global bonds	1.0	1.6
Private Debt	2.0	6.0
Real Estate Debt	6.0	3.2
High yield bonds	2.0	4.4
Cash	1.0	0.3
	<u>100.0%</u>	

Real rates of return are net of the long-term inflation assumption of 2.40%.

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% 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.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for ERS and 5.95% for TRS) or 1 percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.90%)	Current discount rate (5.90%)	1% Increase (6.90%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (3,478,357)	\$ (1,106,312)	\$ 874,838
TRS	1% Decrease (5.95%)	Current discount rate (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ (5,600,841)	\$ (367,738)	\$ 4,033,527

Change of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset (liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2024 is \$473,480 for ERS and \$1,081,822 for TRS.

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Employers' total pension liability	\$ 240,696,851	\$ 138,365,122
Fiduciary net position	225,972,801	137,221,537
Employers' net pension liability (asset)	\$ 14,724,050	\$ 1,143,585
Ratio of fiduciary net position to the Employers' total pension liability	93.9%	99.2%

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contributions for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$76,398.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October, and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$729,922.

Note 10. Post-Employment Benefits

General information about the OPEB plan

Plan description - The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is 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.

Funding Policy - The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits provided -The District provides healthcare benefits for retirees and their dependents. The benefits 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.

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

Inactive employees or beneficiaries currently receiving benefit payments	150
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	136
	<u>286</u>

Net OPEB liability

The District's total OPEB liability of \$81,288,417 was measured as July 1, 2023 and was determined by an actuarial valuation as of July 1, 2023.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 10. Post-Employment Benefits (continued)

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

Inflation	2.7%
Salary Increases	3.5%
Discount Rate	3.65%
Healthcare Cost Trend Rates	7.80% for 2025, decreasing each year to an ultimate rate of 34.14% for 2094 and later years
Retirees' Share of Benefit-Related Cost	All current and future retirees contribute 50% of the medical plan premium for individual or family coverage, with the District assuming the remaining balance. Surviving Spouses may continue coverage at 50% of the individual premium cost

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

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

Retirement participation rate assumed that 100% of eligible employees will elect medical coverage at retirement age, and 80% of active members' spouses will elect medical coverage. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teacher's Retirement System and the New York State Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

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

Changes in the Total OPEB Liability

Changes in the District's net OPEB liability were as follows:

Balance at July 1, 2022	\$ 76,135,652
<u>Changes for the Year -</u>	
Service Cost	2,848,984
Interest	2,752,855
Changes of benefit terms	-
Differences between expected and actual experience	(2,684,807)
Changes in assumptions or other inputs	4,676,463
Benefits payments	(2,440,730)
Net Changes	<u>5,152,765</u>
Balance at July 1, 2023	\$ <u>81,288,417</u>

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 10. Post-Employment Benefits (continued)

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

Sensitivity of the Total OPEB Liability to Changes in the 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 or 1 percentage point higher than the current discount rate:

	1% Decrease (2.65%)	Current discount rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 96,466,464	\$ 81,288,417	\$ 69,323,337

Sensitivity of the Total OPEB Liability to Changes in the Health 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	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 68,335,363	\$ 81,288,417	\$ 98,235,983

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$7,587,037.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,095,225	\$ 2,232,819
Changes of assumptions or other inputs	9,714,235	6,857,670
Employer contribution subsequent to the measurement date (Expected employer contribution including implicit subsidy)	2,537,722	-
Total	\$ 13,347,182	\$ 9,090,489

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

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 10. Post-Employment Benefits (continued)

<u>Fiscal Year Ended:</u>	<u>Amount</u>
2025	\$ 2,387,444
2026	2,075,637
2027	(137,600)
2028	(546,473)
2029	(512,422)
2030 and thereafter	(1,547,615)

Note 11. Unrestricted Net Position

Unrestricted net position in the governmental activities consists of the following at June 30, 2024:

Designated for subsequent year's expenditures	\$ 250,000
Reserved for encumbrances	12,186
Reserved for School Food Service Fund	5,036
Unreserved	(76,078,816)
Total unrestricted net position	\$ <u>(75,811,594)</u>

Note 12. Commitments and Contingencies

The District incurs costs related to an employee health insurance plan (Plan) sponsored by Franklin-Essex-Hamilton BOCES and its component Districts. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. The District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowance and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowance, if any, will be immaterial.

Note 13. Risk Management

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

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 14. Prior Period Adjustment

Correction of an Error in Previously Issued Financial Statements

During fiscal year 2024, the District determined the due to other funds in the Special Aid Fund were incorrectly stated. Therefore, due to other funds in the Capital Projects Fund was overstated by \$7,242 and due from other funds in the General Fund was overstated by \$7,242. The effect of correcting that error is shown in the table below.

		Reporting Units Effected by Adjustments to and Restatements of Beginning Balances	
		Funds	
		Special Aid Fund	General Fund
6/30/23, as previously stated	\$	(7,242)	\$ 2,603,955
Error correction		7,242	(7,242)
6/30/24, as restated	\$	<u>-</u>	<u>\$ 2,596,713</u>

Note 15. Subsequent Events

The District has evaluated events and transactions that occurred between June 30, 2024 and November 6, 2024 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
REVENUES:					
Local sources:					
Real property taxes	\$ 9,548,000	\$ 9,548,000	\$ 9,009,617	\$ -	\$ (538,383)
Other tax items	63,000	63,000	587,030	-	524,030
Charges for services	23,500	23,500	6,006	-	(17,494)
Use of money and property	5,000	5,000	11,205	-	6,205
Miscellaneous	272,320	272,320	430,756	-	158,436
Total local sources	9,911,820	9,911,820	10,044,614	-	132,794
State sources	10,860,478	11,823,978	10,620,640	-	(1,203,338)
Federal sources	963,500	-	-	-	-
OTHER FINANCING SOURCES:					
Transfer from other funds	227,982	227,982	-	-	(227,982)
Total revenues and other financing sources	21,963,780	21,963,780	20,665,254	-	(1,298,526)
EXPENDITURES:					
General support:					
Board of education	20,550	14,550	14,053	-	497
Central administration	207,453	247,453	234,740	-	12,713
Finance	999,635	1,553,315	1,166,443	-	386,872
Staff	30,000	37,736	17,262	-	20,474
Central services	1,412,242	1,568,124	1,288,188	2,778	277,158
Special items	452,243	616,404	467,667	-	148,737
Total general support	3,122,123	4,037,582	3,188,353	2,778	846,451
Instruction:					
Instruction, administration and improvement	793,791	661,179	391,791	-	269,388
Teaching - regular school	4,408,029	5,235,742	4,472,445	-	763,297
Programs for handicapped children	3,474,894	3,897,618	2,892,446	-	1,005,172
Instructional media	540,252	1,011,634	655,938	6,810	348,886
Pupil services	976,137	1,575,888	1,044,028	-	531,860
Total instruction	10,193,103	12,382,061	9,456,648	6,810	2,918,603
Pupil transportation	772,796	809,534	640,749	-	168,785
Employee benefits	6,754,885	3,878,792	5,666,057	2,598	(1,789,863)
Debt service:					
Principal	1,156,283	1,156,283	1,110,545	-	45,738
Interest	264,590	322,990	299,310	-	23,680
OTHER FINANCING USES:					
Transfers to other funds	120,000	210,500	71,841	-	138,659
Total expenditures and other financing uses	22,383,780	22,797,742	20,433,503	12,186	2,352,053
Excess of revenues and other sources over expenditures and other uses	\$ (420,000)	\$ (833,962)	\$ 231,751	\$ (12,186)	\$ 1,053,527

See Independent Auditor's Report.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Schedule of Funding Progress for the Retiree Health Plan
Year Ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	07/1/2023	07/1/2022	07/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017
Total OPEB (Other Post-Employment Benefit) liability							
Service cost	\$ 2,848,984	\$ 2,884,783	\$ 2,748,454	\$ 1,903,875	\$ 2,047,069	\$ 2,382,508	\$ 3,185,197
Interest	2,752,855	1,774,216	1,824,290	2,243,230	2,208,126	2,059,778	2,126,584
Differences between expected and actual experience	(2,684,807)	-	199,359	-	4,135,210	-	(7,544,302)
Changes of assumptions and other inputs	4,676,463	(7,340,836)	(2,284,734)	15,548,499	749,860	(2,433,791)	(12,732,211)
Benefit payments	<u>(2,440,730)</u>	<u>(2,410,022)</u>	<u>(2,116,858)</u>	<u>(2,054,002)</u>	<u>(1,870,609)</u>	<u>(1,792,618)</u>	<u>(1,474,430)</u>
Net change in total OPEB liability	5,152,765	(5,091,859)	370,511	17,641,602	7,269,656	215,877	(16,439,162)
Total OPEB liability - beginning	<u>76,135,652</u>	<u>81,227,511</u>	<u>80,857,000</u>	<u>63,215,398</u>	<u>55,945,742</u>	<u>55,729,865</u>	<u>72,169,027</u>
Total OPEB liability - ending	<u>\$ 81,288,417</u>	<u>\$ 76,135,652</u>	<u>\$ 81,227,511</u>	<u>\$ 80,857,000</u>	<u>\$ 63,215,398</u>	<u>\$ 55,945,742</u>	<u>\$ 55,729,865</u>
Covered payroll	<u>\$ 6,544,430</u>	<u>\$ 6,425,799</u>	<u>\$ 5,875,826</u>	<u>\$ 8,333,574</u>	<u>\$ 8,706,641</u>	<u>\$ 7,614,890</u>	<u>\$ 7,512,344</u>
Total OPEB liability as a percentage of covered payroll	1242%	1185%	1382%	970%	726%	735%	742%

See Independent Auditor's Report.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)
Year Ended June 30, 2024

Teachers' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Proportion of the net pension asset or liability	0.032157%	0.035363%	0.035824%	0.03712%	0.037121%	0.037967%	0.038253%	0.036843%	0.037378%
Proportionate share of the net pension asset (liability) \$	(367,738) \$	(678,585) \$	6,207,947 \$	(1,025,761) \$	(1,025,761) \$	686,534 \$	290,762 \$	(394,601) \$	3,882,345
Covered-employee payroll	\$ 6,544,430	\$ 6,216,206	\$ 6,425,799	\$ 6,133,965	\$ 6,466,075	\$ 6,302,174	\$ 6,295,439	\$ 6,061,868	\$ 5,685,203
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.6%	10.9%	96.6%	16.7%	15.9%	10.9%	4.6%	6.5%	68.3%
Plan fiduciary net position as a percent of the total pension liability (asset)	99.2%	98.7%	113.3%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%

Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016
Proportion of the net pension asset or liability	0.0075136%	0.0064370%	0.0070085%	0.0069971%	0.0070065%	0.0064757%	0.0058555%	0.0060018%	0.0050723%
Proportionate share of the net pension asset (liability) \$	(1,106,312) \$	(1,380,425) \$	572,917 \$	(6,967) \$	(1,855,368) \$	(458,825) \$	(188,983) \$	(563,940) \$	(814,114)
Covered-employee payroll	\$ 2,099,461	\$ 4,602,899	\$ 2,014,886	\$ 1,242,571	\$ 2,240,566	\$ 1,684,837	\$ 1,691,018	\$ 1,567,958	\$ 1,483,569
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.7%	30.0%	28.4%	0.3%	87.4%	22.6%	10.3%	31.7%	55.7%
Plan fiduciary net position as a percent of the total pension liability (asset)	93.9%	90.8%	103.5%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%

See Independent Auditor's Report.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Schedule of the District's Pension Contributions
Year Ended June 30, 2024

Teachers' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 626,107	\$ 611,128	\$ 613,943	\$ 579,469	\$ 558,238	\$ 606,063	\$ 710,451	\$ 710,451	\$ 984,244
Contributions in relation to the contractually required contribution	\$ <u>626,107</u>	\$ <u>611,128</u>	\$ <u>613,943</u>	\$ <u>579,469</u>	\$ <u>558,238</u>	\$ <u>606,063</u>	\$ <u>710,451</u>	\$ <u>710,451</u>	\$ <u>984,244</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 6,544,430	\$ 6,216,206	\$ 6,425,799	\$ 6,133,965	\$ 6,466,075	\$ 6,302,174	\$ 6,295,439	\$ 6,061,868	\$ 5,685,203
Contributions as a percentage of covered-employee payroll	9.6%	9.8%	9.6%	10.0%	9.3%	10.6%	9.8%	13.2%	17.2%

Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 255,518	\$ 200,663	\$ 283,759	\$ 274,323	\$ 244,417	\$ 222,538	\$ 210,995	\$ 246,283	\$ 184,303
Contributions in relation to the contractually required contribution	\$ <u>255,518</u>	\$ <u>200,663</u>	\$ <u>283,759</u>	\$ <u>274,323</u>	\$ <u>244,417</u>	\$ <u>222,538</u>	\$ <u>210,995</u>	\$ <u>246,283</u>	\$ <u>184,303</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 2,099,461	\$ 4,602,899	\$ 2,014,886	\$ 1,242,571	\$ 2,240,566	\$ 1,684,837	\$ 1,691,018	\$ 1,567,958	\$ 1,483,569
Contributions as a percentage of covered-employee payroll	12.2%	4.4%	14.1%	15.5%	13.5%	12.8%	12.3%	13.5%	22.0%

See Independent Auditor's Report.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Schedule of Change from Adopted Budget to Final Budget
and Section 1318 of the Real Property Tax Law Limit Calculation
Year Ended June 30, 2024

Change from adopted budget to final budget

Adopted budget	\$ 22,383,780
Additions:	
Prior year encumbrances	<u>413,963</u>
Final budget	\$ <u><u>22,797,743</u></u>

Section 1318 of the Real Property Tax Law Limit Calculation

2024-2025 expenditure budget	\$ 21,918,837
Maximum allowed (4% of 2024-2025 budget)	<u>876,753</u>

Unrestricted fund balance:	
Assigned fund balance	\$ 262,186
Unassigned fund balance	<u>1,456,335</u>
Total unrestricted fund balance	\$ <u><u>1,718,521</u></u>

Less:	
Appropriated fund balance	\$ 250,000
Encumbrances included in committed and assigned fund balance	<u>12,186</u>
Total adjustments	\$ <u><u>262,186</u></u>

General Fund fund balance subject to section 1318 of the real property tax law	\$ <u><u>1,456,335</u></u>
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Actual percentage	6.6%
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See Independent Auditor's Report.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
Year Ended June 30, 2024

Capital assets, net	\$ 4,106,936
Deduct:	
Short-term portion of bonds and notes payable	1,065,430
Long-term portion of bonds and notes payable	<u>5,519,716</u>
Net investment in capital assets	\$ <u><u>(2,478,210)</u></u>

See Independent Auditor's Report.

Independent Auditor's Report

To the Board of Education
Extraclassroom Activity Funds of
Tupper Lake Central School District
Tupper Lake, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statement 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 Tupper Lake Central School District as of and for the year ended June 30, 2024.

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 Tupper Lake Central School District, as of June 30, 2024, 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 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 opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Funds of Tupper Lake Central School District 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 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 the Extraclassroom Activity Funds of Tupper Lake Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Extraclassroom Activity Funds of the Tupper Lake Central School District's ability to continue as a going concern for a reasonable period of time.

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

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License # 092.0131564
Middlebury, Vermont
November 6, 2024

TUUPPER LAKE CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Fund
Statement of Assets, Liabilities, and Fund Balance - Cash Basis
Year Ended June 30, 2024

Assets	
Cash	\$ <u>88,332</u>
Total assets	\$ <u><u>88,332</u></u>
Net position	
Reserve for extraclassroom activities	\$ <u>88,332</u>
Total net position	\$ <u><u>88,332</u></u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Fund
Statement of Receipts, Disbursements, and Ending Balances - Cash Basis
Year Ended June 30, 2024

	July 1 2023	Total Receipts	Total Payments	June 30 2024
Band/Chorus	\$ 8,255	\$ 15,385	\$ 8,454	\$ 15,186
Baseball Club	1,622	-	1,599	23
Boys Basketball	843	1,130	-	1,973
Cheerleaders	452	-	-	452
Class of 2022	11	-	11	-
Class of 2023	849	189	1,038	-
Class of 2024	5,584	52,939	58,523	-
Class of 2025	1,828	7,441	2,502	6,767
Class of 2026	1,717	2,806	1,169	3,354
Class of 2027	-	5,405	-	5,405
Drama Club	12,155	4,067	3,922	12,300
Friends of Rachel	151	290	78	363
Girls Basketball	1,884	1,104	1,629	1,359
Girls Volleyball	1,409	-	-	1,409
Green Team	42	500	-	542
Indoor Track Club	288	-	-	288
Jr. Honor Society	157	-	-	157
Middle School	208	-	-	208
Musical Club	18,935	16,926	18,582	17,279
National Honor Society	526	-	272	254
NYS Tax	225	2,106	-	2,331
Outdoor Track	738	-	700	38
SADD	1,024	598	750	872
Ski Club	10,036	1,202	1,227	10,011
Softball Club	37	-	-	37
Spirit Week	49	-	-	49
Student Council	2,619	1,259	1,275	2,603
Varisty Hockey Club	216	2,110	1,450	876
Varsity Soccer Club	(2)	2	-	-
Varsity T Club	2,009	7,628	9,198	439
Varsity Volleyball Club	-	-	-	-
Video Club	198	-	-	198
Year Book	15,084	5,872	17,397	3,559
Totals	\$ 89,149	\$ 128,959	\$ 129,776	\$ 88,332

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Extraclassroom Activity Funds Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

As Tupper Lake Central School District, through its Board of Education, has oversight responsibility over the Extraclassroom Activity Funds, such funds are considered a component unit of the District. Accordingly, such transactions are blended with the other trust funds of the District in its basic financial statements under the Custodial Fund.

The books and records of Tupper Lake Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Note 2. Subsequent Events

The District has evaluated events and transactions that occurred between June 30, 2024 and November 6, 2024 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

APPENDIX C

Form of Legal Opinions

LAW OFFICES

OF

Timothy R. McGill

248 WILLOWBROOK OFFICE PARK

FAIRPORT, NEW YORK 14450

Kristine M. Bryant
Paralegal

Tel: (585) 381-7470
Fax: (585) 381-7498

June 26, 2025

Board of Education of the
Tupper Lake Central School District
Franklin County, New York

Re: ***Tupper Lake Central School District***
\$13,060,000 Bond Anticipation Note, 2025

Dear Board Members:

I have examined a record of proceedings relating to the issuance of a \$13,060,000 principal amount Bond Anticipation Note, 2025 of the Tupper Lake Central School District, a school district of the State of New York. The Note is [registered to _____ / in book-entry-only form registered to "Cede & Co.,"] is dated June 26, 2025, is numbered 2025A-1, bears interest at the rate of _____ per centum (____%) per annum payable at maturity, matures June 26, 2026, and is issued pursuant to the Local Finance Law of the State of New York and a bond resolution adopted November 13, 2023. The proposition approving the matters set forth in the bond resolution was approved by the voters of the School District on October 17, 2023. The Note is not subject to redemption prior to maturity. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In my opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights, the Note is a valid and legally binding obligation of the Tupper Lake Central School District, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the School District without limitation as to rate or amount.

The School District has covenanted to comply with any requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Note in order that interest thereon be and remain excludable from gross income under the Code. In my opinion, under the existing statute, regulations and court decisions, interest on the Note is excludable from gross income for federal income tax

Timothy R. McGill

Board of Education of the
Tupper Lake Central School District
June 26, 2025

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purposes under Section 103 of the Code and will continue to be so excluded if the School District continuously complies with such covenant; and under the Code, interest on the Note is not a specific preference item for purposes of the federal alternative minimum tax; however, interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. I express no opinion regarding other Federal income tax consequences caused by the receipt or accrual of interest on the Note. Further, in my opinion, interest on the Note is exempt from New York State and New York City personal income taxes under existing statutes.

In rendering the opinions expressed herein, I have assumed the accuracy and truthfulness of all public records, documents and proceedings examined by me which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and I also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings, and such certifications. The scope of my engagement in relation to the issuance of the Note has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of and interest on the Note as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the School District in relation to the Note for factual information which, in the judgment of the School District, could materially affect the ability of the School District to pay such principal and interest. While I have participated in the preparation of such Official Statement, I have not verified the accuracy, sufficiency, completeness or fairness of the Official Statement or any factual information contained therein or any additional proceedings, reports, correspondence, financial statements or other documents containing financial or other information relative to the School District or the financed project and, accordingly, I express no opinion as to whether the School District, in connection with the sale of the Note, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Timothy R. McGill, Esq.

TRM:

APPENDIX D
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