

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 27, 2025**

**NEW ISSUE/RENEWAL**

**BOND ANTICIPATION NOTES**

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

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

**\$37,000,000**  
**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**ONEIDA COUNTY, NEW YORK**

**\$37,000,000 Bond Anticipation Notes, 2025**

**Dated: June 26, 2025**

**Due: June 26, 2026**

The Notes are general obligations of the New Hartford Central School District, Oneida 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.

At the option of the purchaser(s), the Notes will be issued in registered book-entry form or registered in the name of the purchaser(s). 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 the office of the District Clerk, New Hartford, New York. In such case, the Notes will be issued as registered in the name of the purchaser in dominations of \$5,000 or multiples thereof.

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, 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 effect from time to time. See "Book-Entry-Only System" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an unqualified legal opinion as to the validity of the Notes of Bond, Schoeneck & King, PLLC of Syracuse, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the Purchaser(s), on or about June 26, 2025.

**Facsimile or telephone bids will be received THURSDAY, June 5, 2025 until 10:30 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 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. THE SCHOOL DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN EVENTS AS REQUIRED BY THE RULE.*

DATED: May 27, 2025

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
ONEIDA COUNTY, NEW YORK**

School District Officials

**2024-25 BOARD OF EDUCATION**

Beth Coombs - President  
John Jadhon - Vice President

Nicole Goodelle  
Jeff Kolb  
Linda Lark  
Michelle Parker  
Kim Strong

.....

Joe D'Apice. - Superintendent of Schools  
Joe Barretta –Assistant Superintendent for Business Affairs  
Jackie Circelli- School District Treasurer  
Kim Schweitzer – School District Clerk

.....

**School District Attorney**

Anthony G. Hallak, Esq.

**BOND COUNSEL**

**Bond, Schoeneck & King, PLLC**

**MUNICIPAL ADVISOR**



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

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

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<b>PREPARED WITH THE ASSISTANCE OF:</b>			



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**OFFICIAL STATEMENT**  
  
**of the**  
  
**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**ONEIDA COUNTY, NEW YORK**  
  
**Relating To**  
**\$37,000,000 Bond Anticipation Notes, 2025**

This Official Statement, which includes the cover page, has been prepared by the New Hartford Central School District, Oneida County, New York (the “District,” “County” and “State,” respectively) in connection with the sale by the School District of \$37,000,000 Bond Anticipation Notes, 2025 (the “Notes”).

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

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

**DESCRIPTION OF THE NOTES**

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

The Notes are dated 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 each purchaser, may be registered to The Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of such purchaser.

If the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes, (See “Book-Entry-Only System” herein).

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

## Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Purpose and Authorization**

On December 14, 2021, the District voters approved a \$39,815,000 capital project consisting of the renovation, reconstruction, improvement, rehabilitation, repairs, and the furnishing or equipping of Myles Elementary School, Hughes Elementary School, Bradley Elementary School, Perry Junior High School, the Senior High School, the bus garage and the food storage building. The District issued a \$14,000,000 Bond Anticipation Note on September 22, 2023. On June 28, 2024 the District issued a \$17,700,000 Bond Anticipation Note which redeemed the \$14,000,000 Bond Anticipation Note and provided \$3,700,000 in new money.

The proceeds of the Notes along with \$335,000 of available funds will redeem and renew the \$17,700,000 Bond Anticipation Note coming due June 27, 2025 and will provide \$19,635,000 in new monies for the aforementioned purpose.

## **Book-Entry Only System**

If the Notes are issued in registered book-entry form, The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. In such case, the Notes will be issued as fully-registered Notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC, only if requested by the purchaser prior to the initial issuance of Notes. One fully-registered note certificate will be issued for each of the notes bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of

1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants

will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

*Source: The Depository Trust Company*

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

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

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

## **Certificated Notes**

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

## **THE DISTRICT**

### **General Information**

The School District is adjacent to and southwest of the City of Utica in Central Upstate New York. The School District has its own commercial center located within the Village of New Hartford.

The School District's land area is approximately 80 square miles and is primarily residential in character. Many of its residents are employed by the various industries in and around Utica, principally light fabrication, electronics and textiles. Some of the major firms in the School District are National Grid, Faxton-St. Luke's Healthcare, Par Technology Corp., Utica National Insurance Company and Con Med Corporation.

Major highways serving the School District include New York State Routes #5, #8 and #12. The New York State Thruway passes north of the City of Utica.

Electric and gas are provided by National Grid. Telephone services are provided by Verizon New York, Inc. Police protection is afforded the residents by County and State agencies and fire protection is available through various volunteer units. Sewer facilities and public water are provided throughout the area.

Commercial banking services are provided by Manufacturers and Traders Trust Company.

### **District Population**

The 2023 population of the School District is estimated to be 16,815. (Source: 2023 U.S. Census Bureau estimate)

## Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District are the 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						
New Hartford	\$39,671	\$33,584	\$47,843	\$97,885	\$79,706	\$110,563
Towns Of:						
New Hartford	\$33,819	\$40,101	\$51,553	\$77,733	\$80,253	\$112,361
Frankfort	22,609	25,022	43,625	54,479	66,062	78,143
Paris	28,617	32,187	41,582	65,129	74,745	106,168
Kirkland	27,665	31,855	42,121	77,774	83,462	121,094
Counties Of:						
Oneida	23,458	26,577	36,865	58,017	63,182	88,011
Herkimer	21,908	24,678	35,959	53,288	61,510	88,417
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>
Bradley Elementary School	K-6	1943	450	2023
Myles Elementary School	K-6	1956	650	2024
Hughes Elementary School	K-6	1958	650	2024
Perry Junior High School	7-9	1964	1,150	2018
Senior High School	10-12	1934	1,050	2023

## District Employees

The District employs a total of 377 full-time and 56 part-time employees with representation by the various bargaining units listed below

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
New Hartford Teacher's Association	264	6/30/2029
New Hartford Employees' Union	142	6/30/2025*
New Hartford Teachers' Association Administrative Group	16	6/30/2028
Confidential Employees	N/A	N/A

\*Currently under negotiations

## Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2020-21	2,540	2025-26	2,536
2021-22	2,565	2026-27	2,530
2022-23	2,619	2027-28	2,530
2023-24	2,586	2028-29	2,530
2024-25	2,562	2029-30	2,530

Source: District Officials

## **Employee Pension Benefits**

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

On December 10, 2009, pension reform legislation was signed into law that created a new Tier V pension level. Key components of Tier V include:

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

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2024-2025 and 2025-2026 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$654,883	\$1,966,901
2020-2021	701,839	1,935,064
2021-2022	455,861	2,008,209
2022-2023	481,828	2,214,251
2023-2024	568,629	2,258,432
2024-2025 (Budgeted)	650,000	2,275,800
2025-2026 (Budgeted)	905,784	2,203,249

Source: Audited financial statements for the 2019-2020 fiscal year through the 2023-2024 fiscal year and the adopted budgets of the District for the 2024-2025 and 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 percents 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	7.6
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 yet determined if it will establish such a fund.

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

## **Other Post-Employment Benefits**

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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

**GASB 75** - requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. However, GASB 75 also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity and requires: (a) explanations of how and why the OPEB liability changed from year to year (b) amortization and reporting of deferred inflows and outflows due to assumption changes, (c) use of a discount rate that takes into account resources of an OPEB plan and how they will be invested to maximize coverage of the liability (d) a single actual cost method and (e) immediate recognition of OPEB expense and effects of changes to benefit terms.

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

Based on the most recent actuarial valuation dated July 1, 2023 and financial data as of June 30, 2024, the School 11 District's beginning year total OPEB liability was \$161,868,743 the net change for the year was (\$1,976,713) resulting in a total OPEB liability of \$159,892,030 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>
National Grid	Utility	6,500 <sup>1</sup>
Mohawk Valley Health System	Health Care Provider	2,900
PAR Technology Corporation	System Integration	1,200
Utica National Insurance Company	Insurance	800
The Hartford	Insurance	600

Note: 1 Number includes State-Wide employees

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 Oneida County. The data set forth below with respect to the County is included for information purposes only. It should not be inferred from the inclusion of such data in this Statement that the School District is necessarily representative of the County or vice versa.

Year	Oneida County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2020	7.7%	9.8%	8.3%
2021	5.1%	7.1%	5.3%
2022	3.6%	4.3%	3.5%
2023	3.5%	4.1%	3.7%
2024	3.7%	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
Oneida County	3.5%	3.4%	3.6%	4.0%	3.9%	3.2%	3.3%	3.4%	3.6%	4.3%	4.6%	4.1%
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.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian. The School District is not authorized by State Law to invest in reverse repurchase agreements or similar derivative-type investments.

## **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 seven members with overlapping five-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 and the Director of Business and Finance.

## **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 2023-24 fiscal year was adopted by the qualified voters on May 16, 2023 by a vote of 641 to 193. 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 1,168 to 458. The School District's 2024-25 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2025-26 fiscal year was adopted by the qualified voters on May 20, 2025 by a vote of 953 to 415. The School District's 2025-26 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 35.98% 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, the 2024-25 State budget which was not adopted until April 20, 2024 and the 2025-26 State Budget which was not adopted until May 9, 2025. 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 –**

Since March, 2020, the State has been awarded over \$14 billion in federal education COVID response funding through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act; Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSA"); and the American Rescue Plan ("ARP") Act. These funds were used to support local educational agencies' efforts to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in the State. Such federal funding expired at the end of the 2023-24 fiscal year.

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

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

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.

## 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 State's 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 if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-26. 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 2024-2025 and 2025-2026 fiscal years.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	\$ 53,739,056	\$ 14,982,063	27.88
2020-2021	54,262,005	14,453,722	26.64
2021-2022	55,615,146	16,379,563	29.45
2022-2023	58,784,760	18,453,787	31.39
2023-2024	64,523,099	22,432,531	34.77
2024-2025 (Budgeted)	63,543,792	22,490,353	35.39
2025-2026 (Budgeted)	67,634,281	24,334,356	35.98

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

## **Fiscal Stress Monitoring**

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

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

The reports of State Comptroller for the past 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	21.7
2023	No Designation	6.7
2022	No Designation	3.3
2021	No Designation	0.0

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

## **State Comptroller Report of Examination**

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

The State Comptroller's office released an audit report of the District on December 10, 2021. The purpose of the audit was to determine whether District Officials ensured the District accurately paid employees' salary and wages for the period July 1, 2019, through November 30, 2020.

### **Key Findings**

Our audit found that District officials accurately paid \$3.1 million in salaries and wages to the 48 employees we tested, in accordance with Board authorizations. However, there are opportunities for District officials to strengthen internal controls over payroll. Officials did not:

- Adequately segregate the duties of or establish adequate compensating controls over the payroll clerk who could add new employees to the financial system and was responsible for adding and changing salaries and pay rates, processing the payroll, and signing and distributing payroll checks.
- Ensure payroll user permissions were restricted to employees based on job duties.
- Ensure the Assistant Superintendent for Business Affairs (Assistant Superintendent) or another employee routinely monitored the payroll clerk's work by comparing payroll source documents to

- payrolls to mitigate the risks related to the payroll clerk's duties.

### **Key Recommendations**

- Segregate payroll processing duties or implement adequate compensating controls.
- Ensure users' payroll permissions are limited to their authorized job duties.
- Properly monitor the payroll clerk's work.

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

A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

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:						
New Hartford	\$1,112,563,516	\$1,098,015,399	\$1,097,354,965	\$1,093,981,241	\$1,097,774,303	\$1,096,566,450
Frankfort	17,526,529	17,631,031	\$17,665,262	\$17,621,704	\$17,687,369	\$17,687,622
Paris	3,641,848	3,561,907	\$3,561,212	\$3,584,177	\$3,606,784	\$3,577,666
Kirkland	<u>7,643,528</u>	<u>7,659,256</u>	<u>7,665,262</u>	<u>8,039,817</u>	<u>8,042,865</u>	<u>8,014,050</u>
Total	\$1,141,375,421	\$1,126,867,593	\$1,126,246,701	\$1,123,226,939	\$1,127,111,321	\$1,125,845,788
Equalization Rates:						
New Hartford	76.30%	72.00%	70.00%	63.00%	57.00%	53.00%
Frankfort	68.00%	64.50%	61.40%	58.00%	51.00%	46.07%
Paris	87.00%	85.00%	79.50%	72.00%	63.50%	59.00%
Kirkland	57.00%	57.00%	54.00%	48.50%	43.00%	39.50%
Full Valuations:						
New Hartford	\$1,458,143,533	\$1,525,021,388	\$1,567,649,950	\$1,736,478,160	\$1,925,919,830	\$2,068,993,302
Frankfort	25,774,307	27,334,932	28,770,785	30,382,248	34,681,116	38,392,928
Paris	4,186,032	4,190,479	4,479,512	4,978,024	5,679,975	6,063,841
Kirkland	<u>13,409,698</u>	<u>13,437,291</u>	<u>14,194,930</u>	<u>16,576,942</u>	<u>18,704,337</u>	<u>20,288,734</u>
Total	\$1,501,513,571	\$1,569,984,089	\$1,615,095,177	\$1,788,415,374	\$1,984,985,258	\$2,133,738,805

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>
New Hartford	\$ 32.76	\$ 33.12	\$ 33.91	\$ 34.35	\$ 35.13
Frankfort	36.57	37.75	36.83	38.39	40.42
Paris	27.75	29.16	29.67	30.83	31.56
Kirkland	41.38	42.93	44.05	45.53	47.14

## Tax Collection Procedure

Property taxes are collected by the School District tax collector. Such taxes are due and payable on September 1, but may be paid without penalty by October 1. Penalties on unpaid taxes are 5% from October 1 through October 31.

On or about November 15, the tax receivers file a report of any uncollected school taxes with the County and Herkimer County, New York ("Herkimer County"). The County and Herkimer County thereafter on or before April 30 each pay to the School District the amount of its uncollected taxes. Thus, the School District receives its full levy prior to the end of its fiscal year.

## Tax Collection Record

Fiscal Year Ended June 30:	2021	2022	2023	2024	2025*
General Fund	\$37,030,287	\$37,439,955	\$38,205,377	\$38,860,349	\$39,734,048
Tax Levy					
Omissions/Loss of					
Exemptions -					
Prior Years	0	0	0	0	0
Total Levy for					
All Purposes	\$37,030,287	\$37,439,955	\$38,205,377	\$38,860,349	\$39,734,048
Excess/(Deficit) on					
Tax Rolls	0	0	0	0	0
Taxes Cancelled					
Net Taxes on Roll	\$37,030,287	\$37,439,955	\$38,205,377	\$38,860,349	\$39,734,048
STAR Program	3,391,916	3,161,281	2,955,070	2,659,997	2,486,854
Net Taxes After					
STAR Program	\$33,638,371	\$34,278,674	\$35,250,307	\$36,200,352	\$37,247,194
Taxes Collected					
Prior to Return	32,408,638	33,044,376	33,942,408	34,925,099	36,050,691
Uncollected Date	\$1,229,733	\$1,234,298	\$1,307,899	1,275,253	1,196,504
of Return					
Percentage Collected					
Prior to Return	96.34%	96.40%	96.29%	96.48%	96.79%

Note: \* Collection information is as of November 14, 2024.

## Real Property Tax Revenues

<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	\$ 53,739,056	\$ 36,539,453	67.99
2020-2021	54,262,005	37,030,287	68.24
2021-2022	55,615,146	37,439,955	67.32
2022-2023	58,784,760	38,205,377	64.99
2023-2024	64,523,099	36,199,703	56.10
2024-2025 (Budgeted)	63,543,792	37,245,684	58.61
2025-2026 (Budgeted)	67,634,281	41,028,805	60.66

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

## Major Taxpayers 2024

### For 2024-25 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Full Value</u>
BG New Hartford LLC	Shopping Center	\$45,553,779
Trahwen - B LLC	Retail and Gas Station	24,177,725
Presbyterian Homes	Apartments/Rentals	22,891,396
Utica Mutual Ins.	Business	20,973,773
Wachs NH Development LLC	Development Corporation	20,253,587
Sangertown Square LLC	Shopping Center	2,023,660
National Grid	Utility	18,982,783
Niagara Mohawk Power Corp.	Utility	18,054,322
IATT Investments Inc.	Business	16,093,397
Fifth Garden Park Limited	Business	16,068,722
Total		<u>\$205,073,144</u>

1. The above taxpayers represent 9.61% of the School District's 2024-25 Full value of \$2,133,738,805.

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

## General Fund Operations

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A statement of such revenues and expenditures for the five-year period ending June 30, 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.

### **Statutory Procedure**

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specifications for such project have been approved by the Commissioner of Education of the State. The District has obtained such approval with respect to the project to be financed by the Notes.

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

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

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

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

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

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

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

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

### **Debt Outstanding End of Fiscal Year**

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Serial Bonds	\$22,745,000	\$19,395,000	\$16,295,000	\$13,090,000	\$9,780,000
Bond Anticipation Notes	1,300,000	1,335,000	905,000	14,994,000	18,756,000
Total Debt Outstanding	\$24,045,000	\$20,730,000	\$17,200,000	\$28,084,000	\$28,536,000

### Status of Outstanding Bond Issues

Year of Issue:	2015		2017	
Amount Issued:	\$2,681,138		\$2,420,754	
Purpose/Instrument	Tax Certiorari		Tax Certiorari	
:				
Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
June 30:				
2025	\$215,000	\$22,500	175,000	35,925
2026	220,000	17,125	175,000	31,987
2027	230,000	11,625	180,000	28,050
2028	235,000	5,875	185,000	23,550
2029	-	-	195,000	18,000
2030	-	-	200,000	12,150
2031	-	-	205,000	6,150
Totals:	\$ 900,000	\$ 57,125	\$ 1,315,000	\$ 155,812

Year of Issue:	2017		2019	
Amount Issued:	\$472,442		\$12,300,000	
Purpose/Instrument	Tax Certiorari		Additions/Reconstruction	
:				
Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
June 30:				
2025	\$55,000	\$5,653	\$665,000	\$168,094
2026	55,000	4,278	680,000	153,963
2027	60,000	2,490	695,000	139,513
2028	-	-	705,000	124,744
2029	-	-	725,000	109,763
2030	-	-	750,000	94,356
2031	-	-	775,000	77,481
2032	-	-	785,000	60,044
2033	-	-	795,000	41,400
2034	-	-	820,000	21,525
Totals:	\$ 170,000	\$ 12,421	\$ 7,395,000	\$ 990,883

### 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	\$1,110,000	\$232,172	\$1,342,172	12.21%
2026	1,130,000	207,353	1,337,353	24.37%
2027	1,165,000	181,678	1,346,678	36.61%
2028	1,125,000	154,169	1,279,169	48.25%
2029	920,000	127,763	1,047,763	57.78%
2030	950,000	106,506	1,056,506	67.38%
2031	980,000	83,631	1,063,631	77.06%
2032	785,000	60,044	845,044	84.74%
2033	795,000	41,400	836,400	92.35%
2034	820,000	21,525	841,525	100.00%
Totals:	\$ 9,780,000	\$ 1,216,241	\$ 10,996,241	

### 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	6/28/2024	6/27/2025	4.500%	\$17,700,000*
BAN	9/19/2024	9/19/2025	4.000%	\$1,117,000

\*To be paid with the proceeds of this issue, together with \$335,000 available funds.

### Cash Flow Borrowings

The School District, historically, does not issue Tax Anticipation Notes or Revenue Anticipation Notes.

### Capital Project Plans

On December 14, 2021, the District voters approved a \$39,815,000 capital project consisting of the renovation, reconstruction, improvement, rehabilitation, repairs, and the furnishing or equipping of Myles Elementary School, Hughes Elementary School, Bradley Elementary School, Perry Junior High School, the Senior High School, the bus garage and the food storage building. The District issued a \$14,000,000 Bond Anticipation Note on September 22, 2023. On June 28, 2024 the District issued a \$17,700,000 Bond Anticipation Note which redeemed the \$14,000,000 Bond Anticipation Note and provided \$3,700,000 in new money. The proceeds of the Notes along with \$335,000 of available funds will redeem and renew the \$17,700,000 Bond Anticipation Note coming due June 27, 2025 and will provide \$19,635,000 in new monies for the aforementioned purpose.

On December 12, 2023, the District voters approved a \$44,700,000 capital project for the renovation and reconstruction of certain School District buildings and facilities. The Board of Education of the School District adopted a bond resolution January 23, 2024, authorizing the issuance of \$44,700,000 of serial bonds. The School District may issue debt for this project in September of 2025.

## **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 81.5%.

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 24, 2025

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization</u> <u>Rate</u>	<u>Taxable Full Valuation</u>
New Hartford	\$ 1,096,566,450	53.00%	\$ 2,068,993,302
Frankfort	17,687,622	46.07%	38,392,928
Paris	3,577,666	59.00%	6,063,841
Kirkland	8,014,050	39.50%	20,288,734
Total			<u>\$ 2,133,738,805</u>
Debt Limit: 10% of Full Valuation			\$ 213,373,880
Inclusions:			
Serial Bonds			\$ 9,780,000
Bond Anticipation Notes			18,817,000
Total Inclusions:			<u>\$ 28,597,000</u>
Exclusions:			
Building Aid Estimate <sup>1</sup>			<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 28,597,000
New Monies This Issue:			<u>19,635,000</u>
Total Net Indebtedness After Giving Effect to this Issue:			<u>\$ 48,232,000</u>
Net Debt Contracting Margin			\$ 165,141,880
Percentage of Debt-Contracting Power Exhausted			22.60%

Notes:

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

## Estimated Overlapping Indebtedness

<u>Overlapping Unit</u>	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness</u>	<sup>1</sup>	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
Oneida County	<u>\$ 2,240,281,564</u> \$ 14,482,609,789	15.47%	\$ 503,163,433		N/A	\$ 503,163,433	\$ 77,833,193
Herkimer County	<u>\$ 38,392,928</u> \$ 5,912,152,367	0.65%	\$ 14,623,229		N/A	\$ 14,623,229	\$ 94,962
Town of New Hartford	<u>\$ 2,068,993,302</u> \$ 2,088,615,273	99.06%	\$ 20,746,977	<sup>2</sup>	N/A	\$ 20,746,977	\$ 20,552,065
Town of Frankfort	<u>\$ 38,392,928</u> \$ 495,630,797	7.75%	\$ 1,856,760		N/A	\$ 1,856,760	\$ 143,830
Town of Paris	<u>\$ 6,063,841</u> \$ 335,313,160	1.81%	\$ 1,515,000		N/A	\$ 1,515,000	\$ 27,397
Town of Kirkland	<u>\$ 20,288,734</u> \$ 672,187,280	3.02%	\$ 4,851,979		N/A	\$ 4,851,979	\$ 146,448
Village of New Hartford	<u>\$ 144,935,687</u> \$ 144,935,687	100.00%	\$ 2,915,256		N/A	\$ 2,915,256	<u>\$ 2,915,256</u>
Total							<u>\$ 98,797,895</u>

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

Notes: 1 Bonds and Bond Anticipation notes as of 2023 fiscal year. Not adjusted to include subsequent bond and note sales.  
2 Bonds and Bond Anticipation Notes as of 2022 fiscal year. The Town did not file in the 2023 fiscal year.

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 24, 2025:

	Amount	Per Capita	(a) Percentage of Full Value	(b)
Net Indebtedness	\$ 48,232,000	\$ 2,868.39	2.260%	
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 147,029,895	\$ 8,743.97	6.891%	

(a) The District's estimated population is 16,815. (Source: 2023 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2024-25 is \$2,133,738,805.

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

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

## **MARKET AND RISK FACTORS**

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

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

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

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

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

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

Current and future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Bonds, or tax status of interest on the Notes.

### **Cyber Security**

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to hacking, viruses, malware and other attacks on computers 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 assurance 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, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Code, pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. 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.

## **APPROVAL OF LEGAL PROCEEDINGS**

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

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

## **CONTINUING DISCLOSURE COMPLIANCE**

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

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

## **LITIGATION**

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

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

## **BOND RATING**

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

The most recent underlying rating assigned to the School District by Moody's Investors Service, Inc., is an A1 rating, which was assigned on March 5, 2021 and was stated in the most recent Issuer Comment Report dated March 4, 2024.

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

## **MUNICIPAL ADVISOR**

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

## MISCELLANEOUS

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

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

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

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

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

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

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

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

R.G. Timbs, Inc. may place a copy of this Official Statement on its website at [www.RGTimbsInc.net](http://www.RGTimbsInc.net). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. R.G. Timbs, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the School District nor R.G. Timbs, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, R.G. Timbs, Inc. and the School District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damage caused by viruses in the electronic files on the website.

The School District's contact information is as follows: Joseph Barretta, Assistant Superintendent for Business Affairs, phone: (315) 624-1202 email: [jbarretta@nhart.org](mailto:jbarretta@nhart.org).

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

**New Hartford Central School District**

**Dated: May 27, 2025**  
**New Hartford, New York**

**Beth Coombs**  
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	\$4,730,199	\$5,687,431	\$6,548,487	\$6,331,198	\$6,586,566	\$6,586,566 <sup>E</sup>
<u>Revenues:</u>						
Real Property Taxes	\$36,539,453	\$37,030,287	\$37,439,955	\$38,205,377	\$36,199,703	\$37,245,684
Other Tax Items	823,602	898,784	346,727	360,440	3,020,070	2,792,755
Charges for Services	124,505	145,913	128,792	284,270	506,564	95,000
Use of Money & Property	167,554	12,838	2,962	452,443	1,483,421	365,000
Sale of Property/Comp. for Loss	508	23,927	14,868	874	37,602	5,000
Miscellaneous	919,880	1,319,175	612,409	835,784	744,470	450,000
State Aid	14,982,063	14,453,722	16,379,563	18,453,787	22,432,531	22,490,353
Federal Aid	181,491	377,359	210,553	191,785	98,738	100,000
Interfund Transfer			<u>479,317</u>		<u>0</u>	
Total Revenues	\$53,739,056	\$54,262,005	\$55,615,146	\$58,784,760	\$64,523,099	\$63,543,792
<u>Expenditures:</u>						
General Support	\$5,065,140	\$5,467,934	\$5,313,781	\$6,032,748	\$6,246,142	\$6,276,796
Instruction	28,525,182	29,936,333	29,822,470	31,478,451	35,247,981	35,191,656
Transportation	1,502,426	1,322,254	2,058,417	1,815,741	1,964,803	2,116,000
Community Services	24,529	0	11,412	42,233	29,591	45,000
Employee Benefits	12,226,569	12,715,605	14,365,640	14,266,636	16,693,863	16,679,340
Debt Service	5,250,404	4,014,497	3,758,633	3,799,725	4,468,050	4,035,000
Interfund Transfer	<u>187,574</u>	<u>528,237</u>	<u>502,082</u>	<u>614,541</u>	<u>732,545</u>	<u>100,000</u>
Total Expenditures	\$52,781,824	\$53,984,860	\$55,832,435	\$58,050,075	\$65,382,975	\$64,443,792
Adjustments	0	583,911	0	479,317	0	0
Year End Fund Balance	\$5,687,431	\$6,548,487	\$6,331,198	\$6,586,566	\$5,726,690	\$5,686,566 <sup>E</sup>
Excess (Deficit) Revenues Over Expenditures	\$957,232	\$277,145	(\$217,289)	\$734,685	(\$859,876)	(\$900,000) <sup>1</sup>

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

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

E. Estimated

## General Fund Budget Summary

### 2025-26 Proposed Budget

#### Revenues:

Real Property Taxes & STAR	\$41,028,805
Other Tax Items	291,614
Charges for Services	95,000
Use of Money & Property	515,000
Sale of Property	5,000
Miscellaneous	450,000
State Aid	24,334,356
Federal Aid	100,000
Capitalized Interest	4,506
Appropriated Fund Balance	900,000
Total Revenues	<u>\$67,724,281</u>

#### Expenditures:

General Support	\$6,991,326
Instruction	34,686,081
Transportation	2,468,298
Community Service	35,000
Employee Benefits	18,528,133
Debt Service	4,965,442
Interfund Transfers	50,000
Total Expenditures	<u>\$67,724,281</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	\$5,356,436	\$5,198,241	\$4,124,279	\$3,344,635	\$4,360,758
Restricted Cash	1,990,533	2,867,533	2,857,452	3,138,523	2,214,029
Accounts Receivable	1,987	358,740	397,884	596,117	1,677,311
Due from Other Funds	798,648	779,283	1,060,329	1,404,173	546,933
Due from Other Governments	1,507,310	1,491,825	1,774,091	1,785,428	2,023,218
Prepaid Expenditures	0	6,496	7,086	8,267	8,858
Deferred Receivables	<u>5,905</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$9,660,819</u>	<u>\$10,702,118</u>	<u>\$10,221,121</u>	<u>\$10,277,143</u>	<u>\$10,831,107</u>
Liabilities:					
Accounts Payable	\$1,066,168	\$1,090,977	\$971,420	\$698,517	\$1,288,337
Accrued Liabilities	2,711,559	513,426	579,978	338,344	417,625
Due to Other Funds	195,661	223,362	0	49,541	628,250
Due to Other Governments	0	137,335	137,335	137,335	137,335
Due to Teachers' Retirement System	0	2,013,071	2,087,225	2,328,642	2,423,974
Due to Employees' Retirement System	0	175,460	113,965	138,198	172,404
Unearned revenues	0	0	0	0	0
Accrued Interest Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,492</u>
Total Liabilities:	<u>\$3,973,388</u>	<u>\$4,153,631</u>	<u>\$3,889,923</u>	<u>\$3,690,577</u>	<u>\$5,104,417</u>
Fund Balances:					
Nonspendable:		\$6,496	\$7,086	\$8,267	\$8,858
Prepaid Expenditures					
Restricted	\$1,990,533	2,867,533	2,857,452	3,138,523	2,214,029
Assigned					
Encumbrances	614,253	556,050	253,577	27,042	0
Appropriated Fund Balance	900,000	900,000	900,000	900,000	926,742
Unassigned	<u>2,182,645</u>	<u>2,218,408</u>	<u>2,313,083</u>	<u>2,512,734</u>	<u>2,577,061</u>
Total Fund Balance	<u>\$5,687,431</u>	<u>\$6,548,487</u>	<u>\$6,331,198</u>	<u>\$6,586,566</u>	<u>\$5,726,690</u>
Total Liabilities and Fund Balance	<u>\$9,660,819</u>	<u>\$10,702,118</u>	<u>\$10,221,121</u>	<u>\$10,277,143</u>	<u>\$10,831,107</u>

Source: Audited Annual Financial reports. This table 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.*

NEW HARTFORD  
CENTRAL SCHOOL  
DISTRICT

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

AND

BASIC FINANCIAL  
STATEMENTS

For the Year Ended  
June 30, 2024

# NEW HARTFORD CENTRAL SCHOOL DISTRICT

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**D'Arcangelo & Co., LLP**  
**Certified Public Accountants & Consultants**

120 Lomond Court, Utica, N.Y. 13502-5950  
315-735-5216 Fax: 315-735-5210

**Independent Auditor's Report**

Board of Education  
New Hartford Central School District

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

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Hartford Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the New Hartford 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 the New Hartford 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 the New Hartford 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 the New Hartford Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the New Hartford 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 the New Hartford 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 and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Hartford Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2024, on our consideration of the New Hartford Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the New Hartford 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 New Hartford Central School District's internal control over financial reporting and compliance.

*D'Arcangelo & Co., LLP*

October 15, 2024

Utica, New York

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

---

The New Hartford Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2024 and 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

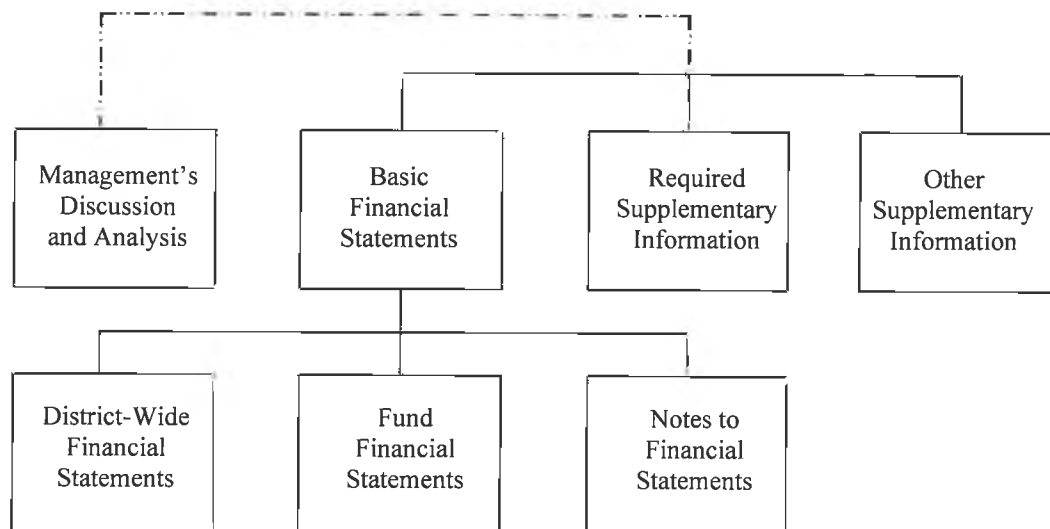
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ended June 30, 2024, are as follows:

- The District's total Net Position, as reflected in the District-wide financial statements, increased by \$6,721,245.
- The current total net position is a deficit in the amount of \$124,653,478. The deficit is primarily the result of the requirement to accrue other postemployment benefits, which required the recognition of an unfunded liability of \$159,892,030 at June 30, 2024. Since New York State Laws provide no mechanism for funding the liability, any subsequent accruals are expected to increase the deficit in subsequent years.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$59,119,155. This amount was offset with \$594,389 for program charges for services and \$1,229,476 for operating grants to support instructional programs. General revenues of \$64,016,535 amount to 97.2% of total revenues.
- State and federal revenue increased by 20.8% to \$22,531,269 in 2024 from \$18,645,572 in 2023. This increase was primarily due to an increase in basic state aid in the amount of \$3,367,587, BOCES aid in the amount of \$434,188 and lottery aid in the amount of \$170,116.
- The total fund balance, as reflected in the fund financial statements on pages 15 and 17, decreased by \$4,389,945 to \$753,043. This was mainly due to the General Fund deficit of revenues over expenditures of \$859,876 and a decrease in Capital Fund fund balance of \$3,507,760 due to expenditures exceeding revenues. The Capital Fund deficit is due to expenditures being incurred before permanent financing is obtained. See Note 17 to the financial statements for further details.
- The General Fund's unassigned fund balance is 4.0% of the subsequent year's budget.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of District-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements is as follows:



**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

---

**A. District-wide Financial Statements**

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference as net position. Increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in Net Position during the fiscal year. All changes in Net Position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

**B. Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds; general fund, school lunch fund, special aid fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

The District's total Net Position increased by \$6,721,245 between fiscal year 2023 and 2024. A summary of the District's Statement of Net Position for June 30, 2024 and 2023 is as follows:

	2024	2023	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 24,987,656	\$ 23,778,024	\$ 1,209,632	5.1%
Capital and Leased Assets, Net	<u>56,226,527</u>	<u>53,930,780</u>	<u>2,295,747</u>	4.3%
Total Assets	<u>81,214,183</u>	<u>77,708,804</u>	<u>3,505,379</u>	4.5%
Deferred Outflows of Resources	<u>37,657,156</u>	<u>55,199,942</u>	<u>(17,542,786)</u>	(31.8%)
Current Liabilities	24,341,651	18,652,244	5,689,407	30.5%
Net Pension Liability - Proportionate Share	3,078,263	4,770,168	(1,691,905)	(35.5%)
Non-Current Liabilities	<u>172,035,657</u>	<u>177,428,450</u>	<u>(5,392,793)</u>	(3.0%)
Total Liabilities	<u>199,455,571</u>	<u>200,850,862</u>	<u>(1,395,291)</u>	(0.7%)
Deferred Inflows of Resources	<u>44,069,246</u>	<u>63,432,607</u>	<u>(19,363,361)</u>	(30.5%)
Net Investment in Capital Assets	41,213,564	39,005,180	2,208,384	5.7%
Restricted	2,214,029	3,138,523	(924,494)	(29.5%)
Unrestricted (Deficit)	<u>(168,081,071)</u>	<u>(173,518,426)</u>	<u>5,437,355</u>	3.1%
Total Net (Deficit)	<u>\$ (124,653,478)</u>	<u>\$ (131,374,723)</u>	<u>\$ 6,721,245</u>	5.1%

Current and other assets increased by \$1,209,632, as compared to the prior year. This increase is primarily due to an increase in the District's other receivables. In particular, there was an increase of \$1,090,394 receivable booked at June 30, 2024 for the Stop Loss reimbursement compared to June 30, 2023.

Government accounting standards requires the inclusion of the District's proportionate share of net assets and/or liabilities in the New York State Teachers' Retirement System and Employees' Retirement System. The Net Pension Asset decreased from the prior year due to a change in the actuarially calculated portion of the plans. The Net Pension liability consists of both the Teachers Retirement System liability and Employees' Retirement System liability.

Capital and leased assets, net of accumulated depreciation and amortization, increased by \$2,295,747, as compared to the prior year. Capital assets increased due to additions exceeding depreciation expense to fixed assets. In addition, there was \$1,675,012 of right to use leased assets, net, included as a result of GASB 87.

Deferred outflows and inflows of resources changed compared to prior year, primarily due to actuarially determined amounts provided by the Retirement Systems and OPEB.

Current liabilities increased by \$5,689,407, as compared to the prior year. This increase is primarily a result of an increase of \$3,762,000 in Bond Anticipation Notes payable compared to the prior year and an increase of accounts payable in the amount of \$1,002,446 in the Capital fund.

Non-current liabilities decreased by \$5,392,793 as compared to the prior year. This decrease is primarily the result of a decrease in Other Postemployment Liabilities of \$1,976,713, and a decrease in Serial Bonds of \$3,310,000, due to repayments.

The Net Investment in Capital and Leased Assets is calculated by subtracting the amount of outstanding debt used for construction and leases from the total cost of all asset acquisitions, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase and lease vehicles, equipment, and furniture to support District operations.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

The unrestricted Net Position at June 30, 2024, is a deficit of \$168,081,071, which represents the amount by which the District's liabilities and deferred inflows of resources, excluding debt related to capital construction, exceeded the District's assets other than capital and leased assets and deferred outflows of resources, and excluding restricted amounts. This deficit is primarily due to the recognition of the \$159,892,030 liability for other postemployment benefits.

The restricted Net Position at June 30, 2024 is \$2,214,029 which represents the amount of the District's restricted funds in the General Fund.

**B. Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 594,389	\$ 312,762	\$ 281,627	90.0%
Operating Grants	1,229,476	2,314,471	(1,084,995)	(46.9%)
General Revenues				
Property Taxes and STAR	39,219,773	38,565,817	653,956	1.7%
State and Federal Sources	22,531,269	18,645,572	3,885,697	20.8%
Other	<u>2,265,493</u>	<u>1,289,101</u>	<u>976,392</u>	75.7%
Total Revenues	<u>65,840,400</u>	<u>61,127,723</u>	<u>4,712,677</u>	7.7%
<b>Expenses</b>				
General Support	7,210,350	6,894,690	315,660	4.6%
Instruction	48,123,959	43,282,412	4,841,547	11.2%
Pupil Transportation	2,663,127	2,293,851	369,276	16.1%
Community Service	29,591	42,233	(12,642)	(29.9%)
Food Service Program	110,134	70,315	39,819	56.6%
Debt Service-Unallocated Interest	<u>981,994</u>	<u>379,497</u>	<u>602,497</u>	158.8%
Total Expenses	<u>59,119,155</u>	<u>52,962,998</u>	<u>6,156,157</u>	11.6%
Total Change in Net Position	<u>\$ 6,721,245</u>	<u>\$ 8,164,725</u>	<u>\$ (1,443,480)</u>	(17.7%)

The District's revenues increased by \$4,712,677 in 2024 or 7.7%. The major factors that contributed to the increase were:

- The District received an increase of \$3,885,697 in state and federal aid primarily due to an increase in basic state aid in the amount of \$3,367,587, an increase in BOCES aid in the amount of \$434,188 and an increase in Lottery Aid in the amount of \$170,116.
- The District received an increase of \$653,956 in property and STAR payments as well as an increase of \$976,392 in other revenue sources. Primarily, the other sources include refund of prior year expenses in the amount of \$497,560 received and interest earnings in the amount of \$1,345,423.
- The District received \$32,596 in Operating Grants in the current year relating to the federal stimulus money. The District received \$1,189,184 in the prior year. This decrease contributed to an offset of total revenue increases as noted above.

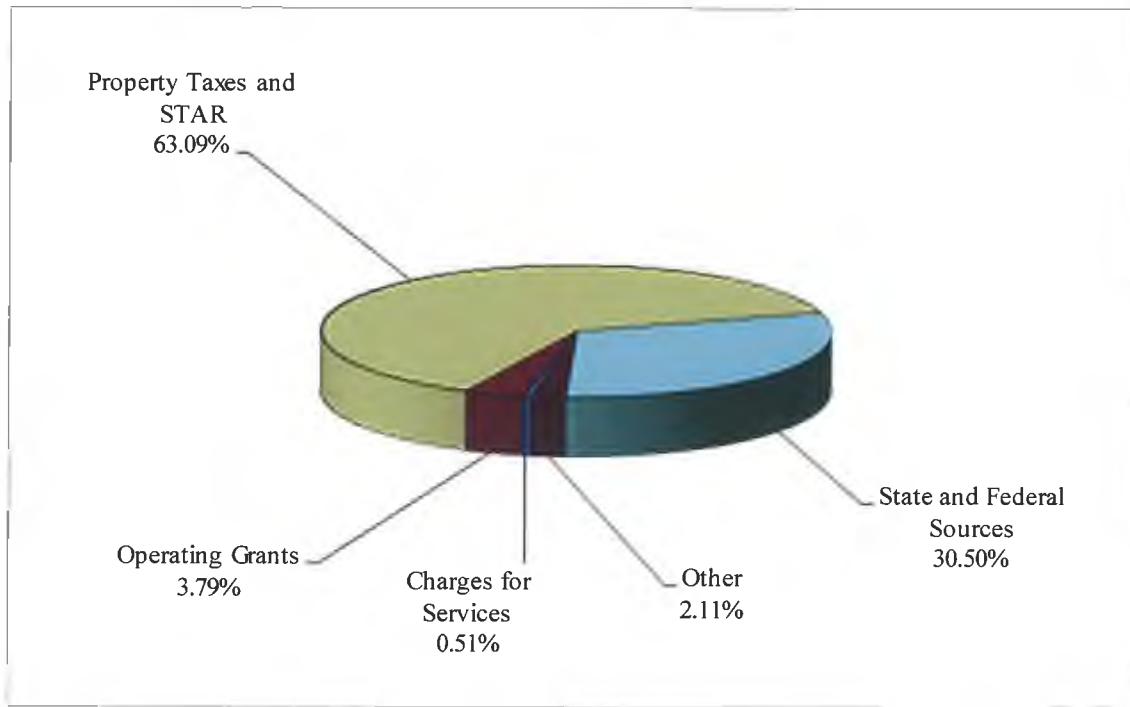
The District's expenses for the year increased by \$6,156,157 or 11.6% mainly due to an increase in General Support, Instruction and Pupil Transportation. These expenses increased primarily due to the allocation of employee benefit costs related to pension and other post-employment benefits. In addition, there was an increase in employee salaries and benefits and contractual obligations such as health insurance claims.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

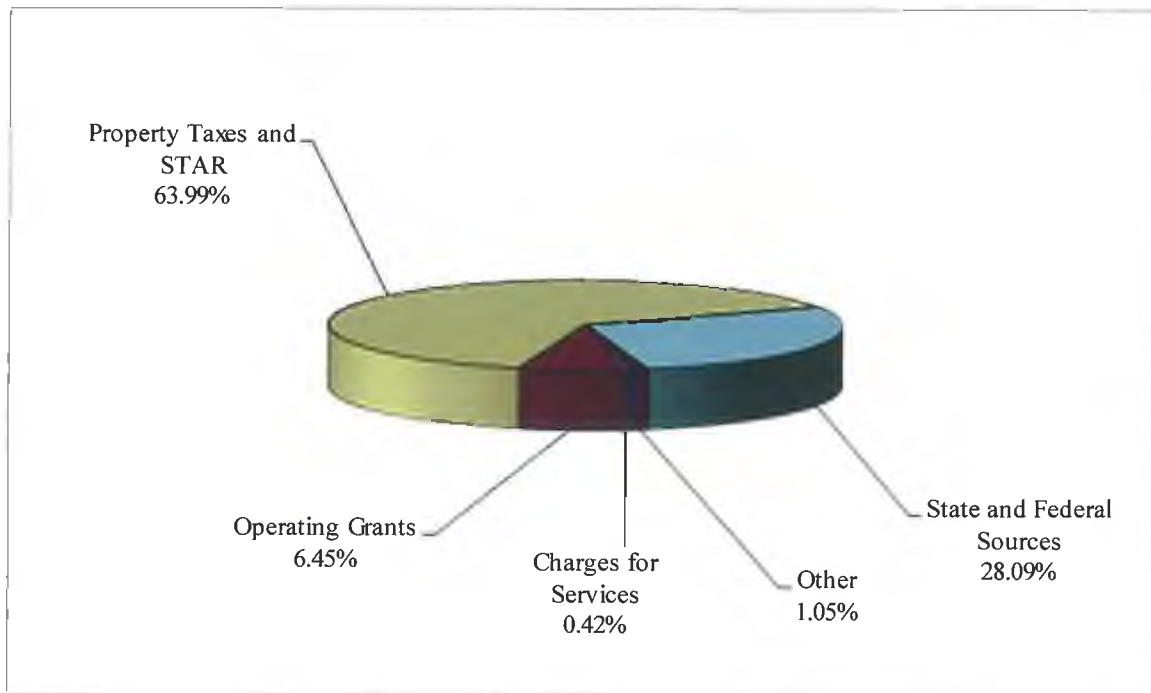
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A graphic display of the distribution of revenues for the two years follows:

**For the Year Ended June 30, 2024**



**For the Year Ended June 30, 2023**



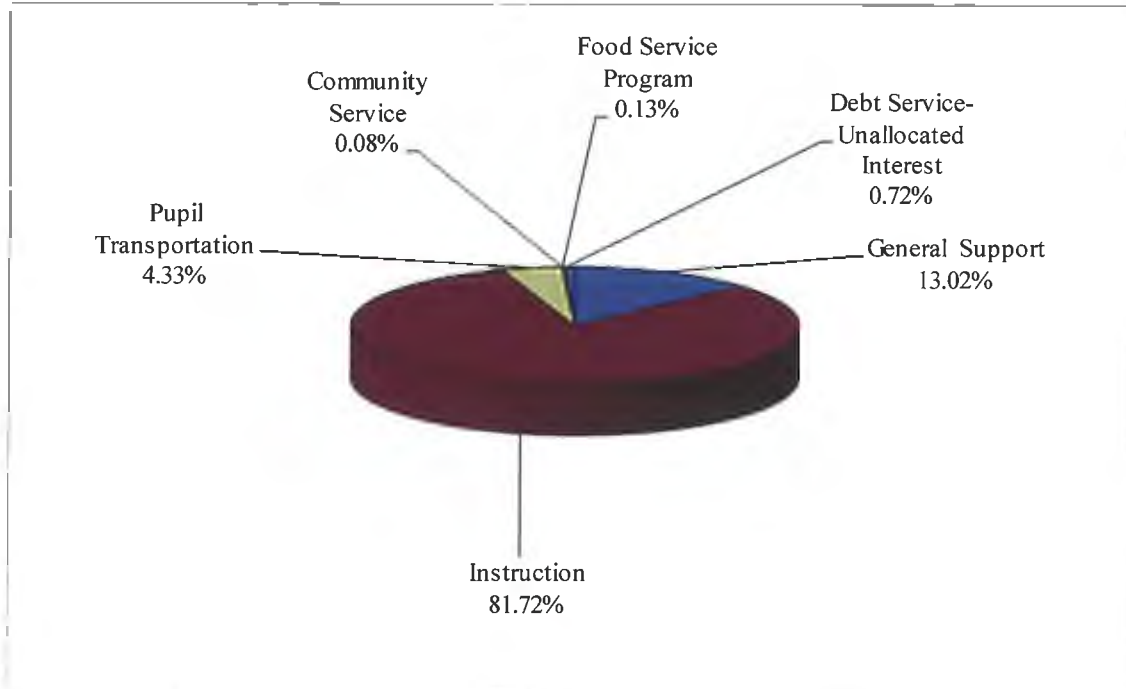
See Independent Auditor's Report.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

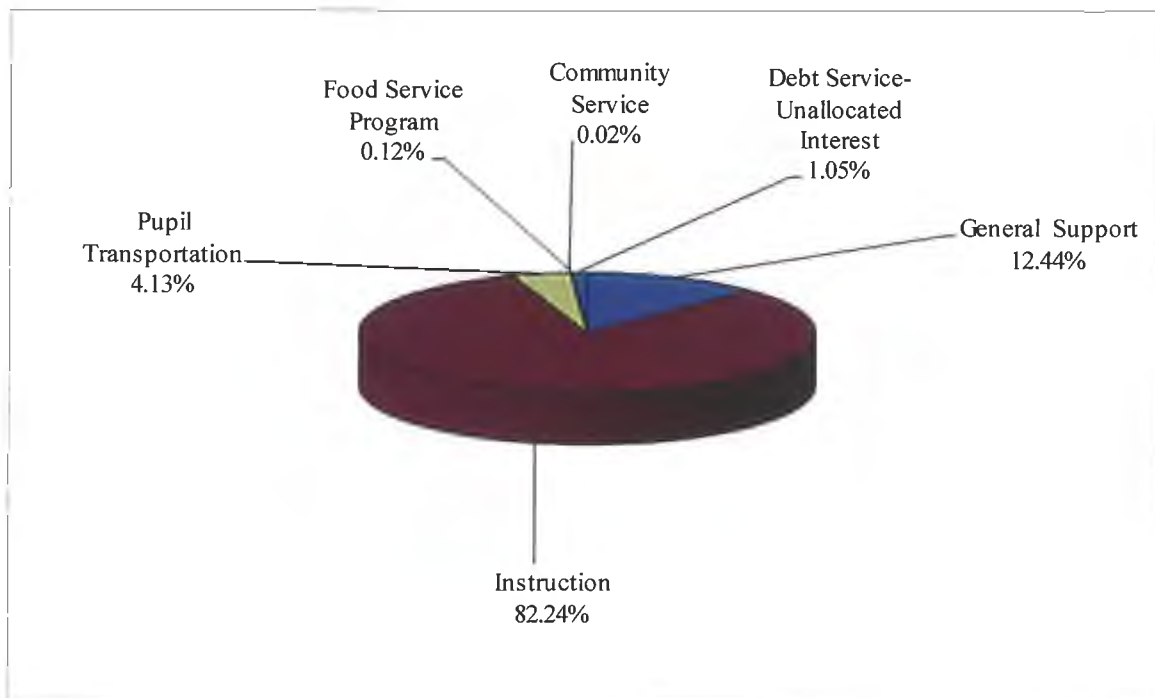
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A graphic display of the distribution of expenses for the two years follows:

**For the Year Ended June 30, 2024**



**For the Year Ended June 30, 2023**



See Independent Auditor's Report.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES**

At June 30, 2024, the District's governmental funds reported a combined fund balance of \$753,043 which is a decrease of \$4,389,945 from the prior year. This decrease is due to a deficit of revenues over expenditures for the year primarily in the General and Capital Funds. A summary of the change in fund balance by fund is as follows:

<b>General Fund</b>	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
<b>Nonspendable</b>	<u>\$ 8,858</u>	<u>\$ 8,267</u>	<u>\$ 591</u>
<b>Restricted</b>			
Employee Benefit Accrued Liability	394,485	517,279	(122,794)
Retirement Contribution System	8,705	200,000	(191,295)
Insurance	35,959	504,011	(468,052)
Liability	458,947	450,752	8,195
Tax Certiorari	<u>1,315,933</u>	<u>1,466,481</u>	<u>(150,548)</u>
Total Restricted	<u>2,214,029</u>	<u>3,138,523</u>	<u>(924,494)</u>
<b>Assigned</b>			
Appropriated for Subsequent Year's Budget	900,000	900,000	
General Support	24,284	24,000	284
Instruction	2,458	2,901	(443)
Pupil Transportation		141	(141)
Total Assigned	<u>926,742</u>	<u>927,042</u>	<u>(300)</u>
<b>Unassigned</b>			
Unassigned	<u>2,577,061</u>	<u>2,512,734</u>	<u>64,327</u>
<b>Total General Fund</b>	<u>5,726,690</u>	<u>6,586,566</u>	<u>(859,876)</u>
<b>School Lunch Fund</b>			
Assigned	<u>23,403</u>	<u>45,712</u>	<u>(22,309)</u>
<b>Total School Lunch Fund</b>	<u>23,403</u>	<u>45,712</u>	<u>(22,309)</u>
<b>Capital Fund</b>			
Unassigned (Deficit)	<u>(4,997,050)</u>	<u>(1,489,290)</u>	<u>(3,507,760)</u>
<b>Total Capital Fund</b>	<u>(4,997,050)</u>	<u>(1,489,290)</u>	<u>(3,507,760)</u>
<b>Total Fund Balance</b>	<u>\$ 753,043</u>	<u>\$ 5,142,988</u>	<u>\$ (4,389,945)</u>

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2023-2024 Budget**

The District's General Fund adopted budget for the year ended June 30, 2024, was \$62,818,363. This is an increase of \$4,991,266 over the prior year's adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$39,225,758 in estimated property taxes and STAR and \$22,172,605 in State Aid.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

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**B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)**

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 2,512,734
Revenues over Budget	2,604,736
Increase in Nonspendable	(591)
Expenditures and Encumbrances under Budget	211,038
Appropriated Fund Balance	(900,000)
Budget Amendment for Unanticipated Use of Reserves	(2,775,349)
Rounding	(1)
Net Decrease to Restricted Funds	<u>924,494</u>
Closing, Unassigned Fund Balance	<u>\$ 2,577,061</u>

**Opening, Unassigned Fund Balance**

The \$2,512,734 shown in the table is the portion of the District's June 30, 2023, fund balance, that was retained as unassigned. This was 4.0% of the District's 2023-2024 voter and Board approved operating budget.

**Revenues Over Budget**

The 2023-2024 final budget for revenues was \$61,918,363. The actual revenues received for the year were \$64,523,099. The actual revenue was over the budgeted revenue by \$2,604,736. This variance contributes directly to the change to the unassigned portion of the General Fund balance from June 30, 2023 to June 30, 2024.

**Increase in Nonspendable**

The District has a Prepaid balance of \$8,858 at June 30, 2024 that has been designated as a Nonspendable fund balance.

**Appropriated Fund Balance**

The District has chosen to use \$900,000 of its available June 30, 2024, fund balance to partially fund its 2024-2025 approved operating budget. This appropriation is the same as the appropriated fund balance of \$900,000 in the 2023-2024 budget.

**Expenditures and Encumbrances Under Budget**

The 2023-2024 final budget for expenditures was \$65,620,754 and includes \$2,775,349 in budget amendments as a result of unanticipated use of reserves. The actual expenditures and encumbrances were \$65,409,716. The final budget was under expended and encumbered by \$211,038. This under expenditure contributes to the change to the unassigned portion of the General Fund balance from June 30, 2023 to June 30, 2024.

**Net Decrease to Restricted Funds**

The net decrease to the General Fund restricted fund balances during the year ended June 30, 2024 represents funding of the Insurance Reserve in the amount of \$1,950,000 and interest earnings of \$136,660 on existing balances offset by the use of \$3,011,154 of reserves in the fiscal year, primarily the Insurance Reserve.

**Closing, Unassigned Fund Balance**

Based upon the summary changes shown in the above table, the District will begin the 2024-2025 fiscal year with an unassigned fund balance of \$2,577,061. This is an increase of \$64,327 from the unassigned balance from the prior year as of June 30, 2023. This was 4.0% of the District's 2024-2025 voter and Board approved operating budget.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital and Leased Assets**

At June 30, 2024, the District had invested in a broad range of capital and leased assets, including land, construction in progress, buildings and improvements, vehicles and equipment. The net increase in capital and leased assets is due to capital and lease additions exceeding depreciation and amortization expense for the year ended June 30, 2024. A summary of the District's capital and leased assets, net of depreciation and amortization at June 30, 2024 and 2023, is as follows:

	2024	2023	Increase (Decrease)
Land	\$ 165,000	\$ 165,000	\$
Construction in Progress	4,064,776	457,336	3,607,440
Buildings and Improvements	47,405,310	48,833,831	(1,428,521)
Furniture and Equipment	786,826	831,061	(44,235)
Vehicles	2,129,603	1,889,485	240,118
Capital Assets, Net	<u>\$ 54,551,515</u>	<u>\$ 52,176,713</u>	<u>\$ 2,374,802</u>
	2024	2023	Decrease
Right to Use Leased Assets, Net	<u>\$ 1,675,012</u>	<u>\$ 1,754,067</u>	<u>\$ (79,055)</u>

**B. Debt Administration**

At June 30, 2024, the District had total serial bonds payable of \$9,780,000. A summary of the outstanding debt at June 30, 2024 and 2023 is as follows:

Issue Date	Interest Rate %	2024	2023	(Decrease)
<b>Serial Bonds</b>				
01/29/15	2.00-2.50	\$ 900,000	\$ 1,115,000	\$ (215,000)
08/02/16	2.00-4.00		1,980,000	(1,980,000)
04/18/17	2.00-3.00	1,315,000	1,485,000	(170,000)
12/06/17	.50-4.15	170,000	225,000	(55,000)
06/17/19	2.00-2.63	7,395,000	8,285,000	(890,000)
Total Serial Bonds		<u>\$ 9,780,000</u>	<u>\$ 13,090,000</u>	<u>\$ (3,310,000)</u>

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

For the 2024 – 2025 school budget, the District developed a plan that maintains all current student programs, learning opportunities for both students and staff, support for students' social, emotional and mental health and the District's educational technology. The proposed budget will sustain traditional class sizes to promote quality instruction and will continue to support the individual needs of our students. The District was able to maintain these programs by receiving an increase in foundation aid (\$783,975) and interest from investments (\$340,000). Overall, the 2024 – 2025 budget increased spending from the prior year by \$1,625,492 or 2.6%.

For the past ten years, the New York State Tax Cap has determined, to a large degree, the amount of revenue that can be requested from taxpayers. It is a complex, eight step calculation process based on several local economic factors including the local Consumer Price Index and a tax base growth factor. For 2024 – 2025, New Hartford's calculated tax levy was \$39,732,539 which was an increase of \$872,190 or 2.24% compared to prior year. The tax levy calculation met the requirements of the tax levy cap law and required a "simple majority" of voters to approve.

On April 16, 2024, the New Hartford School District Board of Education adopted a proposed 2024 – 2025 school budget of \$64,443,792. On May 21, 2024, the voters approved the budget by a margin of 1,168 (yes) – 458 (no).

On December 12, 2023, the voters approved a \$44,700,000 capital project that will focus on renovations and upgrades at Bradley, Hughes and Myles elementary schools. This project will have no additional impact on local taxes due to estimated 82.4% state building aid and the retiring of an existing debt service payment. It is anticipated that the capital project will be completed by June 30, 2027.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2024**

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**8. CONTACTING THE DISTRICT**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District's Business Office, New Hartford Central School District, 29 Oxford Road, New Hartford, NY 13413.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 4,411,578
Restricted Cash and Cash Equivalents	16,497,657
Receivables	
Other Governments	2,344,462
Other Receivables	1,725,101
Other Assets	8,858
Right to Use Leased Assets, Net of Amortization	1,675,012
Capital Assets, Net of Accumulated Depreciation	<u>54,551,515</u>
Total Assets	<u>81,214,183</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflow-OPEB	26,910,519
Deferred Outflow-Pensions	<u>10,746,637</u>
Total Deferred Outflows of Resources	<u>37,657,156</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ <u>118,871,339</u></b>
<b>Liabilities</b>	
Accounts Payable	\$ 2,290,783
Accrued Liabilities	417,625
Retainage Payable	97,364
Accrued Interest Payable	46,166
Due To	
Other Governments	137,335
Teachers' Retirement System	2,423,974
Employees' Retirement System	172,404
Short-Term Notes Payables	
Bond Anticipation Notes	18,756,000
Net Pension Liability-Proportionate Share	3,078,263
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	1,110,000
Lease Liability	115,362
Due in More Than One Year	
Compensated Absences	2,127,714
Other Post Employment Benefits	159,892,030
Lease Liability	120,551
Bonds Payable	<u>8,670,000</u>
Total Liabilities	<u>199,455,571</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflow-Pensions	1,729,984
Deferred Inflow-OPEB	<u>42,339,262</u>
Total Deferred Inflows of Resources	<u>44,069,246</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b><u>243,524,817</u></b>
<b>Net Position</b>	
Net Investment in Capital Assets	41,213,564
Restricted	2,214,029
Unrestricted (Deficit)	<u>(168,081,071)</u>
Total Net Position (Deficit)	<u>(124,653,478)</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)</b>	<b>\$ <u>118,871,339</u></b>

The Accompanying Notes are an Integral Part of These Financial Statements.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
General Support	\$ 7,210,350	\$	\$	\$ (7,210,350)
Instruction	48,123,959	506,564	1,229,476	(46,387,919)
Pupil Transportation	2,663,127			(2,663,127)
Community Service	29,591			(29,591)
Food Service Program	110,134	87,825		(22,309)
Debt Service-Unallocated Interest	981,994			(981,994)
Total Functions/Programs	<u>\$ 59,119,155</u>	<u>\$ 594,389</u>	<u>\$ 1,229,476</u>	<u>(57,295,290)</u>
<b>General Revenues</b>				
Real Property Taxes				36,199,703
STAR and Other Real Property Tax Items				3,020,070
Use of Money and Property				1,483,421
Sale of Property and Compensation for Loss				37,602
State and Federal Sources				22,531,269
Miscellaneous				<u>744,470</u>
Total General Revenues				<u>64,016,535</u>
Change in Net Position				6,721,245
Net Position (Deficit), Beginning of Year				<u>(131,374,723)</u>
Net Position (Deficit), End of Year				<u>\$ (124,653,478)</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2024**

	<u>General</u>	<u>School Lunch</u>	<u>Special Aid</u>	<u>Capital</u>	<u>Total</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 4,360,758	\$ 11,000	\$ 39,820	\$	\$ 4,411,578
Restricted Cash and Cash Equivalents	2,214,029			14,283,628	16,497,657
Receivables					
Other Governments	2,023,218		321,244		2,344,462
Due from Other Funds	546,933			628,250	1,175,183
Other Receivables	1,677,311	47,790			1,725,101
Prepaid Expenses	8,858				8,858
Total Assets	<u>\$ 10,831,107</u>	<u>\$ 58,790</u>	<u>\$ 361,064</u>	<u>\$ 14,911,878</u>	<u>\$ 26,162,839</u>
<b>Liabilities</b>					
Payables					
Accounts Payable	\$ 1,288,337	\$	\$	\$ 1,002,446	\$ 2,290,783
Accrued Liabilities	417,625				417,625
Due To					
Other Governments	137,335				137,335
Other Funds	628,250	35,387	361,064	150,482	1,175,183
Teachers' Retirement System	2,423,974				2,423,974
Employees' Retirement System	172,404				172,404
Short-Term Notes Payables					
Bond Anticipation Notes				18,756,000	18,756,000
Accrued Interest Payable	36,492				36,492
Total Liabilities	<u>5,104,417</u>	<u>35,387</u>	<u>361,064</u>	<u>19,908,928</u>	<u>25,409,796</u>
<b>Fund Balance</b>					
Nonspendable	8,858				8,858
Restricted	2,214,029				2,214,029
Assigned	926,742	23,403			950,145
Unassigned (Deficit)	2,577,061			(4,997,050)	(2,419,989)
Total Fund Balance (Deficit)	<u>5,726,690</u>	<u>23,403</u>	<u></u>	<u>(4,997,050)</u>	<u>753,043</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 10,831,107</u>	<u>\$ 58,790</u>	<u>\$ 361,064</u>	<u>\$ 14,911,878</u>	<u>\$ 26,162,839</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES**  
**TO THE DISTRICT-WIDE NET POSITION**  
**June 30, 2024**

Total Governmental Fund Balances	\$ <u>753,043</u>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building, acquiring and leasing capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital and right to use assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Leased Assets	3,359,375
Original Cost of Capital Assets	83,111,775
Accumulated Depreciation and Amortization	<u>(30,244,623)</u>
	<u>56,226,527</u>

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 until that time. Deferred outflows of resources at year end consisted of:

Deferred Outflows - OPEB	26,910,519
Deferred Outflows - Pensions	<u>10,746,637</u>
	<u>37,657,156</u>

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. Deferred inflows of resources at year end consisted of:

Deferred Inflows - Pensions	(1,729,984)
Deferred Inflows - OPEB	<u>(42,339,262)</u>
	<u>(44,069,246)</u>

Proportionate share of long-term asset and liability associated with participation in state retirement system are not current financial resources or obligations and are not reported in the funds.

Net Pension Liability - Proportionate Share	<u>(3,078,263)</u>
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	(9,780,000)
Lease Liability	(235,913)
Accrued Interest on Bonds Payable	(9,674)
Other Post Employment Liabilities	(159,892,030)
Retainage Payable	(97,364)
Compensated Absences Payable	<u>(2,127,714)</u>
	<u>(172,142,695)</u>

Total Net Position (Deficit)	\$ <u>(124,653,478)</u>
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**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2024**

	General	School Lunch	Special Aid	Capital	Total
<b>Revenues</b>					
Real Property Taxes	\$ 36,199,703	\$	\$	\$	\$ 36,199,703
STAR and Other Real Property Tax Items	3,020,070				3,020,070
Charges for Services	506,564	87,825			594,389
Use of Money and Property	1,483,421				1,483,421
Sale of Property and Compensation for Loss	37,602				37,602
Miscellaneous	744,470				744,470
State Aid	22,432,531		334,088		22,766,619
Federal Aid	98,738		895,388		994,126
Total Revenues	<u>64,523,099</u>	<u>87,825</u>	<u>1,229,476</u>		<u>65,840,400</u>
<b>Expenditures</b>					
General Support	6,246,142				6,246,142
Instruction	35,247,981		1,245,252		36,493,233
Pupil Transportation	1,964,803		40,445	673,396	2,678,644
Community Service	29,591				29,591
Food Service Program		110,134			110,134
Employee Benefits	16,693,863		612		16,694,475
Capital Outlay				3,510,076	3,510,076
Debt Service - Principal	3,420,397				3,420,397
Debt Service - Interest	1,047,653				1,047,653
Total Expenditures	<u>64,650,430</u>	<u>110,134</u>	<u>1,286,309</u>	<u>4,183,472</u>	<u>70,230,345</u>
(Deficit) Revenues Over Expenditures	<u>(127,331)</u>	<u>(22,309)</u>	<u>(56,833)</u>	<u>(4,183,472)</u>	<u>(4,389,945)</u>
<b>Other Financing Sources (Uses)</b>					
BANs Redeemed from Appropriations	(621,077)			621,077	
Transfers from Other Funds			56,833	54,635	111,468
Transfers to Other Funds	(111,468)				(111,468)
Total Other Financing Sources (Uses)	<u>(732,545)</u>		<u>56,833</u>	<u>675,712</u>	
<b>(Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>(859,876)</u>	<u>(22,309)</u>		<u>(3,507,760)</u>	<u>(4,389,945)</u>
<b>Fund Balance (Deficit), Beginning of Year</b>	<u>6,586,566</u>	<u>45,712</u>		<u>(1,489,290)</u>	<u>5,142,988</u>
<b>Fund Balance (Deficit), End of Year</b>	<u>\$ 5,726,690</u>	<u>\$ 23,403</u>	<u>\$</u>	<u>\$ (4,997,050)</u>	<u>\$ 753,043</u>

The Accompanying Notes are an Integral Part of These Financial Statements

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES AND  
EXPENDITURES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024**

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Net Changes in Fund Balance - Total Governmental Funds	\$ (4,389,945)
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Capital Outlays to purchase, lease or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of Net Position and allocated over their useful lives as depreciation and amortization expense in the statement of activities. This is the amount by which capital outlays and lease additions exceeded depreciation and amortization in the period.

Depreciation and Amortization Expense	(2,803,212)	
Lease Additions	735,236	
Capital Outlays	<u>4,266,359</u>	2,198,383

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of Net Position. Repayment of bond principal and Lease Liabilities is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position. This is the amount of issuance and repayments in the period.

Issuance of Lease, Net of Repayments	110,397	
Repayment of Bond Principal	<u>3,310,000</u>	3,420,397

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Accrued Interest on Serial Bonds	7,534	
Amortization of Deferred Amount from Refunding of Debt	58,125	
Change in Other Post Employment Liabilities	7,200,046	
Change in Compensated Absences	(4,317)	
Change in Pension Expense	<u>(1,768,978)</u>	<u>5,492,410</u>

Change in Net Position Governmental Activities	<u>\$ 6,721,245</u>
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**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2024**

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	Custodial Fund
	<hr/>
<b>Assets</b>	
Cash and Cash Equivalents - Restricted	\$ 135,075
Total Assets	<u>\$ 135,075</u>
 <b>Net Position</b>	
Restricted for Scholarships	\$ 80,045
Restricted For Extraclassroom Activities	<u>55,030</u>
Total Net Position	<u>\$ 135,075</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended June 30, 2024**

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	<u>Custodial Fund</u>
<b>Additions</b>	
Investment Income	\$ 916
Charges for Services, Sale of Property, and Miscellaneous	141,961
Gifts and Contributions	<u>6,480</u>
Total Additions	<u>149,357</u>
<b>Deductions</b>	
Club Activities	157,111
Scholarships and Awards	<u>19,325</u>
Total Deductions	<u>176,436</u>
<b>Change in Net Position</b>	(27,079)
<b>Net Position, Beginning of Year</b>	<u>162,154</u>
<b>Net Position, End of Year</b>	<u><u>\$ 135,075</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the New Hartford Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

***Reporting Entity***

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of 7 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 School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

***(a) Extraclassroom Activity Funds***

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

***Joint Venture***

The School District is a component district in Oneida, Herkimer, Madison Board of Cooperative Education Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES' Board is considered a corporate body. Members of a BOCES' Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES' property is held by the BOCES' Board as a corporation [§1950(6)]. In addition, BOCES' Boards 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.

NEW HARTFORD CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024

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***Basis of Presentation***

***(a) District-Wide Statements***

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits and depreciation expense for the year, are allocated to functional areas in proportion to the payroll expended and total expenditures, respectively for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

***(b) Fund Financial Statements***

The fund statements provide information about the School 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 funds of the School District are displayed as major funds. The School District reports the following governmental funds:

***General Fund:*** This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

***Special Revenue Funds:***

***Special Aid Fund:*** This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

***School Lunch Fund:*** This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

***Debt Service Fund:*** This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

***Capital Project Fund:*** This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

***(c) Fiduciary Funds***

This fund is used to account for and report fiduciary activities. Fiduciary activities are those in which the School 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 School District, and are not available to be used. There is one class of fiduciary funds:

***Custodial Funds:*** These funds are strictly custodial in nature. Assets are held by the School District as agent for various student groups or extraclassroom activity funds and scholarship funds.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

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

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

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

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

***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 other postemployment liabilities, pension liabilities, incurred but not reported claims, encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

***Cash and Cash Equivalents***

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (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.

***Property Taxes***

Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected during the period September 1 to October 31. Uncollected real property taxes are subsequently enforced by the counties of Oneida and Herkimer. An amount, representing uncollected real property taxes must be transmitted to the counties for enforcement, is paid by the counties to the School District no later than the forthcoming April 1.

***Receivables***

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

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***Interfund Transactions and Transfers***

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School 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. Such transfers are made in accordance with state and local laws.

The amounts reported on the Statement of Net position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 14 to the financial statements.

***Prepaid Items***

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District wide and fund financial statements. These items are reported as assets in the Statement of Net Position or balance sheet. A current asset for the prepaid amounts is recorded at the time of purchase and an expense is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (prepaid items) has been identified as not available for other subsequent expenditures.

***Capital Assets***

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received.

The School District uses a capitalization threshold of \$5,000, (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Lives</u>	<u>Depreciation Method</u>
Land Improvements	20 Years	Straight Line
Buildings and Improvements	25-50 Years	Straight Line
Furniture, Equipment, and Vehicles	5-15 Years	Straight Line

***Right to Use Leased Assets***

The District has recorded right to use lease assets as a result of implementing GASB 87 - Leases. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease, which range from 3-5 years.

***Deferred Outflow 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. First is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions not included in pension expense. The second item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

***Short-Term Debt***

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 eventually 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.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

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***Accrued Liabilities and Long-Term Obligations***

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the 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 within one year or due in more than one year in the Statement of Net Position.

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

***Compensated Absences***

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

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

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the Funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

***Retirement Plans***

School District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

***Postemployment Benefits***

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 10).

***Unearned Revenue***

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

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

***Deferred Inflows of Resources***

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

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

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and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

***Equity classifications***

***(a) District-Wide Financial Statements***

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

Net Investment in Capital Assets – consists of net capital and right to use assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

***(b) Fund Statements***

The following classifications describe the relative strength of the spending constraints:

***Non-spendable***

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the Prepaid balance in the General Fund.

***Restricted Resources***

This category 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. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements. The School District has established the following restricted fund balances:

- ***Reserve for Tax Certiorari***

This reserve is used to account for funds set aside to refund taxes of the current year in tax certiorari proceedings. Voter approval is not required to establish the fund or expend from the reserve. Amounts in this reserve not necessary to refund taxes must be returned to the unreserved fund balance of the General Fund by the first day of the fourth fiscal year following the year for which the reserve was created.

- ***Insurance Reserve***

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

- ***Liability Reserve***

The Property Loss Reserve and Liability Reserve [Education Law §1709(8)(c)] are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. These reserves are accounted for in the General Fund.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2024**

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- ***Reserve for Employee Benefit Accrued Liability***

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

- ***Reserve for Retirement Contribution System***

Retirement Contribution Reserve (GML §6-r) must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. 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, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

***Unrestricted Resources***

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

- ***Committed*** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2024.
- ***Assigned*** – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.
- ***Unassigned*** – Includes all other fund resources that do not meet the definition of the above classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

***(c) Restricted for Extraclassroom Activities and Scholarships***

This reserve is used to account for various endowment and scholarship awards as well as various student groups or extraclassroom activities. This reserve is accounted for in the Custodial Fund.

***(d) Order of Use of Fund Balance***

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

***Future Changes in Accounting Standards***

GASB Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026.

The District will evaluate the impact this pronouncement may have on its financial statements and will implement them as applicable and when material.

**2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

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***Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities***

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

***Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to Statement of Activities***

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of six broad categories.

***(a) Long-Term Revenue Differences***

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

***b) Capital Related Differences***

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

***(c) Long-Term Debt Transaction Differences***

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

***(d) Employee Benefit Allocation***

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and changes in fund equity based on the requirements of New York State. These costs have been allocated based on total salary for each function.

***(e) Pension Differences***

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

***(f) OPEB differences***

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

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

***General Fund – Statutory Unassigned Fund Balance Limit***

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus a School District can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2024, the School District's General Fund unassigned fund balance was 4.0% of the 2024-2025 budget, which is in compliance with laws and regulations.

***Budgetary Procedures and Budgetary Accounting***

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

Appropriations are adopted at the program line-item level.

***Budgetary Procedures and Budgetary Accounting (Continued)***

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not

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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). 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.

Adopted Budget	\$ 62,818,363
Add: Prior Year's Encumbrances	<u>27,042</u>
Original Budget	<u>62,845,405</u>
Amendments:	
Unanticipated Use of Reserves	<u>2,775,349</u>
Final Budget	<u>\$ 65,620,754</u>

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

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

***Encumbrances***

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assigned 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.

***NYS Real Property Tax Cap***

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments including school districts can levy. The tax levy for the 2023-2024 school year was in compliance with the NYS Tax Cap Limit.

**4. CASH AND CASH EQUIVALENTS**

***Custodial Credit Risk***

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.

As of June 30, 2024, the School District's bank balances of \$23,055,350 were fully covered by the FDIC and collateralized with securities held by an agent of the pledging financial institutions in the School District's name and not exposed to custodial credit risk.

***Restricted Cash and Cash Equivalents***

Restricted Cash and Cash Equivalents of \$2,214,029 in the General Fund represent the following:

Description	Amount
Employee Benefit Accrued Liability Reserve	\$ 394,485
Liability Reserve	458,947
Insurance Reserve	35,959
Tax Certiorari Reserve	1,315,933
Retirement Contribution System Reserve	<u>8,705</u>
<b>Total</b>	<u>\$ 2,214,029</u>

Restricted Cash and Cash Equivalents of \$14,283,628 in the Capital Fund represent BAN proceeds to be used for the Capital Project as noted in the issuance of the Note.

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Restricted Cash and Cash Equivalents of \$135,075 in the Custodial Funds represent funds gifted to the School District for scholarships to students and extraclassroom account balances. The funds are held in the Custodial Fund.

**5. PARTICIPATION IN BOCES**

During the year, the School District was billed \$10,052,341 for BOCES' administrative and program costs.

During the year ended June 30, 2024, the School District issued no debt on behalf of BOCES and had no outstanding debt.

The District's share of BOCES aid amounted to \$3,106,816.

Financial statements for the BOCES are available from the Oneida Herkimer Madison BOCES' administrative office.

**6. CAPITAL ASSETS & RIGHT TO USE LEASED ASSETS**

Capital asset activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 165,000	\$	\$	\$ 165,000
Construction in Progress	457,336	3,607,440		4,064,776
Total	622,336	3,607,440		4,229,776
<b>Capital Assets Being Depreciated</b>				
Land Improvements	2,418,334			2,418,334
Buildings and Improvements	68,507,713			68,507,713
Furniture and Equipment	2,056,124	82,887	35,289	2,103,722
Vehicles	6,384,690	673,396	1,205,856	5,852,230
Total	79,366,861	756,283	1,241,145	78,881,999
<b>Accumulated Depreciation</b>				
Land Improvements	2,359,027	4,189		2,363,216
Buildings and Improvements	19,733,189	1,424,332		21,157,521
Furniture and Equipment	1,225,063	127,122	35,289	1,316,896
Vehicles	4,495,205	433,278	1,205,856	3,722,627
Total	27,812,484	1,988,921	1,241,145	28,560,260
<b>Net Capital Assets Being Depreciated</b>	51,554,377	(1,232,638)		50,321,739
<b>Net Capital Assets</b>	\$ 52,176,713	\$ 2,374,802	\$	\$ 54,551,515

Depreciation is allocated and charged as follows based on estimated usage by function:

Function/Program	
General Support	\$ 159,114
Instruction	1,730,361
Pupil Transportation	99,446
Total Depreciation	\$ 1,988,921

Right to use leased asset activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Right to Use Leased Assets</b>				
Leased Equipment	\$ 2,877,312	\$ 735,236	\$ 253,173	\$ 3,359,375
<b>Accumulated Amortization</b>				
Leased Equipment	1,123,245	814,291	253,173	1,684,363
<b>Net Right to Use Leased Assets</b>	\$ 1,754,067	\$ (79,059)	\$	\$ 1,675,012

Amortization expense of \$814,291 is charged solely to instruction.

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**7. SHORT-TERM DEBT**

The District had outstanding BANs at June 30, 2024, as follows:

<u>Payable From/Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
General Fund					
2023 Capital Project BAN	09/23	\$ 1,056,000	09/24	4.50%	\$ 1,056,000
2024 Capital Project BAN	06/24	\$ 17,700,000	06/25	4.50%	17,700,000
					<u>\$ 18,756,000</u>

Changes in the School District's short-term outstanding debt for the year ended June 30, 2024, is as follows:

<u>Description</u>	<u>Balance 7/1/2023</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance 6/30/2024</u>
Governmental Activities				
2022 BAN at 2.85%	\$ 994,000	\$	\$ 994,000	\$
2023 BAN at 4.5%	14,000,000		14,000,000	
2023 BAN at 4.5%		1,056,000		1,056,000
2024 BAN at 4.5%		17,700,000		17,700,000
	<u>\$ 14,994,000</u>	<u>\$ 18,756,000</u>	<u>\$ 14,994,000</u>	<u>\$ 18,756,000</u>

Interest on Short Term debt for the year was comprised of:

Interest Paid	\$ 656,500
Plus: Interest Accrued in the Current Year	<u>36,492</u>
Total Interest Expense on Short-Term Debt	<u>\$ 692,992</u>

**8. NONCURRENT LIABILITIES**

***Summary of Noncurrent Liabilities***

Noncurrent liability balances and activity are as follows:

<u>Description</u>	<u>Outstanding Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Serial Bonds Payable	\$ 13,090,000	\$	\$ 3,310,000	\$ 9,780,000	\$ 1,110,000
Other Liabilities					
Lease Liability	346,310		110,397	235,913	115,362
OPEB Liability	161,868,743	3,314,267	5,290,980	159,892,030	
Compensated Absences	<u>2,123,397</u>	<u>4,317</u>		<u>2,127,714</u>	
Total Governmental Activities	<u>\$ 177,428,450</u>	<u>\$ 3,318,584</u>	<u>\$ 8,711,377</u>	<u>\$ 172,035,657</u>	<u>\$ 1,225,362</u>

***Serial Bonds***

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment on construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as expenditure when such amounts are due.

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In the event of a default in the payment of the principal and/ or interest on the Bonds, 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 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 Bonds.

The following is a breakdown of serial bonds with corresponding maturity schedules:

<u>Payable From/Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
Serial Bonds, 2015	01/29/15	\$ 2,681,138	01/29/28	2.00-2.50	\$ 900,000
Serial Bonds, 2017	04/18/17	\$ 1,970,000	06/15/31	2.00-3.00	1,315,000
Serial Bonds	12/06/17	\$ 472,442	06/15/27	.50-4.15	170,000
Serial Bond – 2019	06/17/19	\$ 12,300,000	06/15/34	2.00-2.63	7,395,000
Total					<u>\$ 9,780,000</u>

Principal and interest payments due on general obligation debt are as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,110,000	\$ 232,171	\$ 1,342,171
2026	1,130,000	207,353	1,337,353
2027	1,165,000	181,678	1,346,678
2028	1,125,000	154,169	1,279,169
2029	920,000	127,763	1,047,763
2030-2034	<u>4,330,000</u>	<u>313,106</u>	<u>4,643,106</u>
Total	<u>\$ 9,780,000</u>	<u>\$ 1,216,240</u>	<u>\$ 10,996,240</u>

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

Interest Paid - Serial Bonds	\$ 354,661
Amortization of Deferred Amounts from Refunding	(58,125)
Less: Interest Accrued in the Prior Year	(17,208)
Plus: Interest Accrued in the Current Year	<u>9,674</u>
Total Interest Expense on Long-Term Debt	<u>\$ 289,002</u>

***Debt Limit***

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten percent of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consist of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation: such ratio is determined by the State Board of Real Property Services. The Legislature is also required to prescribe the manner by which such ratio shall be determined by such authority. The District is in compliance with its constitutional debt limit at year end.

***Compensated Absences***

Compensated absences represent vacation and sick time that has been earned by the School District employees but not used as of June 30, 2024.

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***Lease Liability***

The District has entered into an agreement with the BOCES to lease certain equipment such as copiers and other technology equipment. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreement. The agreement was executed on July 6, 2022 and are for a term of 4 years. Annual lease payments for this agreement range from \$149,824 to \$110,397. The lease liability was measured at a discount rate of 4.50% which is stated in the lease agreement. As a result of this lease, the District has recorded a right to use asset with a net book value of \$330,756 at June 30, 2024. The District also has made some lump sum payments at the beginning of certain lease agreements and thus there are right to use assets with a net book value of \$1,344,256 at June 30, 2024 with no corresponding lease liability.

Principal and interest payments due on long-term leases are as follows:

For the Year Ending	Leases		
June 30,	Principal	Interest	Total
2025	\$ 115,362	\$ 10,611	\$ 125,973
2026	120,551	5,422	125,973
Total	<u>\$ 235,913</u>	<u>\$ 16,033</u>	<u>\$ 251,946</u>

**9. PENSION PLANS**

**A. New York State and Local Employees' Retirement System (ERS)**

***(a) Plan Description***

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. 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](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

***(b) Contributions***

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2024, were paid.

The required contributions for the current year and two preceding years were:

	Amount
2022	\$ 455,861
2023	\$ 481,828
2024	\$ 568,629

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**(c) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2024, the School District reported a liability of \$1,782,768 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2023. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024, the School District's proportion was .0121079% which represents a decrease of .000045% over the .0121528% District's proportion at June 30, 2023.

For the year ended June 30, 2024, the School District recognized pension expense of \$266,603. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 574,228	\$ 48,611
Change of Assumptions	674,024	
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		870,873
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	220,706	30,691
Contributions Subsequent to the Measurement Date	172,404	
Total	<u>\$ 1,641,362</u>	<u>\$ 950,175</u>

At June 30, 2024, \$172,404 was reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ (259,183)
2026	\$ 397,353
2027	\$ 554,691
2028	\$ (174,078)

**(d) Actuarial Assumptions**

The total pension liability at March 31, 2024 was determined by using an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability to March 31, 2024.

Significant actuarial assumptions used in the April 1, 2023 valuation were as follows:

Investment Rate of Return

(Net of Investment Expense,

including Inflation) 5.90%

Cost of Living Adjustments 1.50%

Salary Scale 4.40%

Decrement Tables April 1, 2015 - March 31, 2020

System's Experience

Inflation Rate 2.90%

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Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015-April 1, 2020.

The long term expected 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 the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32.00%	4.00%
International Equity	15.00%	6.65%
Private Equity	10.00%	7.25%
Real Estate	9.00%	4.60%
Opportunistic Portfolio/ARS portfolio	3.00%	5.25%
Credit	4.00%	5.40%
Real Assets	3.00%	5.79%
Fixed income	23.00%	1.50%
Cash	1.00%	0.25%
	<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.90%

**(e) Discount Rate**

The discount rate used to calculate the total pension asset/liability was 5.9%. 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 System's 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.

**(f) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of the Net Pension (Asset)	\$ 5,605,204	\$ 1,782,768	\$ (1,409,760)

**(g) Pension Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
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**(h) Payables to the Pension Plan**

The School District has recorded an amount due to ERS in amount of \$172,404 at June 30, 2024. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2024-2025 billing cycle and has been accrued as an expenditure in the current year.

**B. New York State Teachers' Retirement System (TRS)**

**(a) Plan Description**

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at [www.nystrs.org](http://www.nystrs.org).

**(b) Contributions**

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity. The required employer contributions for the current year and two preceding years were:

	Amount
2022	\$ 2,008,209
2023	\$ 2,214,251
2024	\$ 2,258,435

**(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2024, the School District reported a liability of \$1,295,495 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the School District's proportion was .113284%, which was an increase of .000504 percent from its .112780% proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized a pension expense of \$1,502,375. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,141,230	\$ 7,763
Changes of Assumptions	2,789,162	607,882
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments	662,231	
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	254,217	164,164
Contributions Subsequent to the Measurement Date	<u>2,258,435</u>	
Total	<u>\$ 9,105,275</u>	<u>\$ 779,809</u>

At June 30, 2024, \$2,258,435 was reported as a deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date, and, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 562,349
2025	(648,959)
2026	5,219,666
2027	410,236
2028	333,007
Thereafter	190,732

**(d) Actuarial Assumptions**

The total pension liability at June 30, 2023 measurement date was determined by using an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The actuarial valuation used the following actuarial assumptions.

Investment Rate	
of Return	6.95 % compounded annually, net of pension plan investment expense, including inflation.
Salary Scale	Rates of increase differ based on service.
	They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Actuarial Cost Method	Entry Age Normal
Projected COLAs	1.3% compounded annually.
Inflation Rate	2.4%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP 2021, applied on a generational basis. Active member mortality rates are based on plan member experience, with adjustments for mortality improvements based on Scale MP2021.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions.

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.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2023 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
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	16.0%	2.2%
Global bonds	2.0%	1.6%
Private debt	2.0%	6.0%
Real estate debt	6.0%	3.2%
High-yield bonds	1.0%	4.4%
Cash equivalents	1.0%	0.3%
	100.0%	

\* Real rates of return are net of the long-term inflation assumption of 2.4% for 2023.

**(e) Discount Rate**

The discount rate used to measure the pension liability (asset) was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's 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.

**(f) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate Share of the Net Pension Liability (Assets)	\$ 19,731,042	\$ 1,295,495	\$ (14,209,597)

**(g) Pension Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

**(h) Payables to the Pension Plan**

The School District has recorded an amount due to TRS in the amount of \$2,258,435 (excluding the employees' portion of \$165,539) in the General Fund at June 30, 2024. This amount included the School District and the Employees' contribution for the 2023-2024 fiscal year that will be made in 2024-2025.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2024

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**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**(a) *Plan Descriptions***

The District provides medical and prescription drug coverage to retirees and their covered dependents. The School District pays a portion of the cost for retirees, disabled retirees, and spouses and dependents. Benefit provisions are established and amended through negotiations between the District and the respective unions. All active employees who retire or are disabled directly from the School District and meet eligibility criteria will participate. Employees are required to reach age 55 and have 10 years of service to qualify for the plan. The District pays up to 100% of the retiree's benefits depending on the employee's group. Surviving spouses are required to pay the same percentage of the cost following the death of the retiree.

The Plan does not issue a stand alone publicly available report since no assets are accumulated in a trust that meets all of the criteria in GASB No. 75, paragraph 4.

**(b) *Benefits Provided***

The District provides healthcare and life insurance benefits for retirees and their dependents. The contribution requirements of the plan members and the District are established by applicable collective bargaining and employment agreements.

**(c) *Employees Covered by Benefit Terms***

	<u>Total</u>
Retirees and Survivors	400
Actives	<u>404</u>
Total	<u><u>804</u></u>

**(d) *Total OPEB Liability***

The District's total OPEB liability of \$159,892,030 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

**(e) *Changes in the Total OPEB Liability***

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

	<u>Total OPEB Liability</u>
Balances, June 30, 2023	<u>\$ 161,868,743</u>
Changes recognized for the year:	
Service cost	4,235,174
Interest cost	5,966,233
Effect of plan changes	(810,369)
Differences between expected and actual	709,766
Change in assumptions and other inputs	(6,786,537)
Benefit payments	<u>(5,290,980)</u>
Net changes	<u>(1,976,713)</u>
Balances, June 30, 2024	<u><u>\$ 159,892,030</u></u>

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

**(f) Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023 rolled forward to June 30, 2024, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation Date	July 1, 2023
Measurement Date	June 30, 2024
Reporting Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Plan Type	Single Employer Defined Benefit Plan
Inflation Rate	2.70%
Medical Trend Rates	6.8% in 2025, decreasing to an ultimate rate of 4.14% for 2094 and later
Discount Rate	3.93%
	(based on the Bond Buyer Weekly 20-Bond GO Index)
Mortality Rates	The Pub-2010 Mortality Table for employees and healthy retirees, sex distinct, with generational mortality adjusted to scale MP-2021

There was a change in discount rate from 3.65% at June 30, 2023 to 3.93% at June 30, 2024.

**Discount Rate** – The selected discount rate of 3.93% is based on the prescribed discount interest rate methodology under GASB 75 based on the Fidelity General Obligation 20 Year AA Municipal Bond Index as of June 30, 2024.

**Cash Flows** – The cash flows into and out of the Plan are expected to be consistent with the above assumptions and Plan descriptions of participant contributions.

**(g) Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current discount rate:

	1% Decrease 2.93%	Current Assumption 3.93%	1% Increase 4.93%
Total OPEB liability	\$ 186,001,866	\$ 159,892,030	\$ 138,909,704

**(h) Sensitivity of the total OPEB liability to changes in the healthcare cost trend**

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 (5.80 declining to 3.14 percent) or 1 percentage point higher (7.80 declining to 5.14 percent) than the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability	\$ 135,162,073	\$ 159,892,030	\$ 191,620,564

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

**(i) 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 \$7,200,046. 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	\$ 10,882,306	\$ 11,823,635
Changes of assumptions	16,028,213	30,515,627
Total	<u>\$ 26,910,519</u>	<u>\$ 42,339,262</u>

Contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amount
2025	\$ (10,497,116)
2026	(4,352,488)
2027	496,412
2028	(678,005)
2029	(397,546)

**11. RISK MANAGEMENT**

***General Information***

The School District is exposed to various risks of loss related to tax certioraris, torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. Except for tax certiorari, 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.

***Risk Financing and Related Insurance***

The School District participates in the Oneida Herkimer Madison Workers Compensation Consortium consisting of 13 other governmental entities for its workers' compensation insurance coverage. Entities joining the plans must remain members for a minimum of one year; a member may withdraw from the plans after that time by submitting a notice of withdrawal 30 days prior to the plans' year end. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plans' assets were to be exhausted, members would be responsible for the plan's liabilities. The plans use 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 of the plan as direct insurer of the risks reinsured. The plans establish a 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 expense in the periods in which they are made. The Consortium is a shared-risk public entity risk pools whereby each entity pays annual premiums as follows: Workers' Compensation - Premiums are computed based upon an established rate of covered payroll. Premiums paid to the Workers' Compensation Consortium totaled \$190,820, for the year ended June 30, 2024. Paid claims are accounted for in the aggregate with individual entity activity not being tracked separately.

The District has chosen to establish a self-funded health benefit program for its employees. The benefit program's administrator, Excellus Blue Cross/Blue Shield, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General fund of the District. At year end, the District has a liability of \$1,100,000 included in the Accounts payable account balance, which represents reported claims which were incurred on or before year end, but which were not paid by the District as of that date.

The School District continues to carry commercial insurance for all other risks of loss such as general liability insurance.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

**12. CONTINGENCIES AND COMMITMENTS**

***Grantors***

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

***Construction Commitments***

At June 30, 2024, the School District had various ongoing capital projects. The total voter and Board of Education authorizations for these projects is \$91,371,317. The School District has entered into various construction contracts for some of the project amounts. At June 30, 2024, the School District has expensed \$10,752,991 (including incidental costs) of the authorizations. At June 30, 2024, the School District has \$32,493,809 outstanding in project commitments via signed contracts.

***Encumbrances***

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2024, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. The General Fund encumbrances are reflected as part of the assigned fund balance. The other encumbrances are not reflected on the fund financial statements because the assignment would result in a negative unassigned fund balance. Significant encumbrances included in government fund balances are as follows:

	General Fund
Encumbrances	
General Support	\$ 24,284
Instruction	<u>2,458</u>
Total Encumbrances	<u>\$ 26,742</u>

**13. FUND BALANCE**

(a) The following is a summary of the change in General Fund restricted fund balances during the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Restricted</b>				
General Fund				
Retirement Contribution System	\$ 200,000	\$ 8,705	\$ 200,000	\$ 8,705
Employee Benefit Accrued Liability	517,279	22,522	145,316	394,485
Liability	450,752	19,624	11,429	458,947
Insurance	504,011	1,971,948	2,440,000	35,959
Tax Certiorari	<u>1,466,481</u>	<u>63,861</u>	<u>214,409</u>	<u>1,315,933</u>
Total General Fund Restricted	<u>\$ 3,138,523</u>	<u>\$ 2,086,660</u>	<u>\$ 3,011,154</u>	<u>\$ 2,214,029</u>

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2024:

	<u>General</u>	<u>School Lunch</u>	<u>Capital</u>	<u>Total</u>
<b>Nonspendable</b>	\$ 8,858	\$	\$	\$ 8,858
<b>Restricted</b>				
Employee Benefit Accrued Liability	394,485			394,485
Liability	458,947			458,947
Insurance	35,959			35,959
Tax Certiorari	1,315,933			1,315,933
Retirement Contribution System	8,705			8,705
<b>Total Restricted</b>	<u>2,214,029</u>			<u>2,214,029</u>
<b>Assigned</b>				
General Support	24,284			24,284
Instruction	2,458			2,458
School Lunch		23,403		23,403
Appropriated for Subsequent Year's Budget	900,000			900,000
<b>Total Assigned</b>	<u>926,742</u>	<u>23,403</u>		<u>950,145</u>
<b>Unassigned (Deficit)</b>	<u>2,577,061</u>		<u>(4,997,050)</u>	<u>(2,419,989)</u>
<b>Total Fund Balance (Deficit)</b>	<u>\$ 5,726,690</u>	<u>\$ 23,403</u>	<u>\$ (4,997,050)</u>	<u>\$ 753,043</u>

**14. INTERFUND TRANSACTIONS – GOVERNMENTAL AND FIDUCIARY FUNDS**

<u>Fund Type</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 546,933	\$ 628,250	\$	\$ 111,468
School Lunch		35,387		
Special Aid		361,064	56,833	
Capital Fund	<u>628,250</u>	<u>150,482</u>	<u>54,635</u>	
<b>Total</b>	<u>\$ 1,175,183</u>	<u>\$ 1,175,183</u>	<u>\$ 111,468</u>	<u>\$ 111,468</u>

- The School District typically transfers from the General Fund to the Special Aid Fund, to fund a percentage of the Summer Handicapped Program.
- The School District transferred \$54,635 from the General Fund to the Capital Fund for the Capital Outlay Project.
- Interfund receivables and payables are considered temporary. The School District intends to repay the amounts within the next fiscal year.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2024**

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**15. TAX ABATEMENTS**

The District is subject to tax abatements that are granted by the Oneida County Industrial Development Agency (OCIDA). Article 18-A of the New York State Municipal Law, "New York State Industrial Development Agency Act" was enacted to provide for the creation of Industrial Development Agencies (IDA's) to facilitate economic development in specific localities, and delineate their powers and status as public benefit corporations. The legislation establishes the power of New York IDA's, including the authority to grant tax abatements and enter into agreements to require payments in lieu of taxes. Each IDA must adopt and follow a tax exemption policy with input from the effected taxing jurisdictions, however once created the IDA can independently grant abatements in conformity with their policy. The OCIDA enters into agreements to abate property tax for the purpose of increasing or retaining employment in the County.

Property abatements may be partially offset by an agreement that requires payments in lieu of taxes. These agreements specify the annual amount to be remitted by the property owner and are allocated to the effected jurisdiction based on the proportion of taxes abated. The District has chosen to disclose information about its tax abatement by purpose. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

Abatement agreements of OCIDA resulted in a revenue impact to the District for the year ended June 30, 2024 as follows:

<u>Purpose</u>	<u>Gross Tax Reduction</u>	<u>Payments in Lieu of Taxes</u>	<u>Net Revenue Reduction</u>
Economic Development and Job Creation	\$ 750,957	\$ 295,222	\$ 160,513

**16. DEFICIT NET POSITION**

At June 30, 2024, the District Wide Statement of Net Position had an unrestricted (Deficit) of \$168,081,071 and a deficit net position of \$124,653,478. The deficit is primarily the result of GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which required the recognition of an unfunded liability of \$159,892,030 at June 30, 2024. Since New York State Laws provide no mechanism for funding the liability, any subsequent accruals are expected to increase the deficit in subsequent years.

**17. FUND DEFICIT**

**Capital Fund**

At June 30, 2024, the Capital Fund has a deficit of \$4,997,050. This deficit is due to expenditures being incurred before permanent financing is obtained.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
<b>Revenues</b>					
Local Sources					
Real Property Taxes	\$ 38,860,349	\$ 38,860,349	\$ 38,859,701	\$	(648)
Other Real Property Tax Items	365,409	365,409	360,072		(5,337)
Charges for Services	55,000	55,000	506,564		451,564
Use of Money and Property	10,000	10,000	1,483,421		1,473,421
Sale of Property and Compensation for Loss	5,000	5,000	37,602		32,602
Miscellaneous	350,000	350,000	744,470		394,470
State Aid	22,172,605	22,172,605	22,432,531		259,926
Federal Aid	100,000	100,000	98,738		(1,262)
Total Revenues	61,918,363	61,918,363	64,523,099		2,604,736
<b>Other Financing Sources</b>					
Appropriated Fund Balance	927,042	3,702,391			(3,702,391)
Total Revenues and Other Financing Sources	\$ 62,845,405	\$ 65,620,754	64,523,099	\$	(1,097,655)
	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
<b>Expenditures</b>					
Board of Education	\$ 45,200	\$ 42,776	42,776	\$	\$
Central Administration	294,500	305,117	305,117		
Finance	465,250	456,736	432,736	24,000	
Staff	485,000	508,681	508,681		
Central Services	3,797,000	3,988,645	3,988,361	284	
Special Items	1,191,900	968,471	968,471		
Total General Support	6,278,850	6,270,426	6,246,142	24,284	
Instruction					
Instruction, Administration, and Improvement	1,340,558	2,017,143	2,017,143		
Teaching - Regular School	19,724,545	20,290,644	20,289,044	1,600	
Programs for Children With Special Needs	7,291,715	8,162,889	8,162,031	858	
Occupational Education	1,385,000	1,409,355	1,409,355		
Teaching - Special School	99,750	65,444	65,444		
Instructional Media	684,344	587,134	587,134		
Pupil Services	2,691,580	2,717,829	2,717,829		
Total Instruction	33,217,492	35,250,438	35,247,980	2,458	
Pupil Transportation	2,106,521	1,964,803	1,964,803		
Community Services	45,000	29,591	29,591		
Employee Benefits	15,812,542	16,904,901	16,693,863		211,038
Debt Service - Principal	4,725,000	3,420,397	3,420,397		
Debt Service - Interest	560,000	1,047,653	1,047,653		
Total Expenditures	62,745,405	64,888,209	64,650,429	26,742	211,038
<b>Other Financing Uses</b>					
BANs Redeemed from Appropriations		621,077	621,077		
Transfers to Other Funds	100,000	111,468	111,468		
Total Expenditures and Other Financing Uses	\$ 62,845,405	\$ 65,620,754	65,382,974	\$ 26,742	\$ 211,038
<b>Net Change in Fund Balance</b>			(859,875)		
<b>Fund Balance - Beginning of Year</b>			6,586,566		
<b>Fund Balance - End of Year</b>			\$ 5,726,691		

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULES OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
For the Year Ended June 30, 2024

	2024 *	2023 *	2022 *	2021 *	2020 *	2019 *	2018 *
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability							
Service Cost	\$ 4,235,174	\$ 3,841,445	\$ 6,177,758	\$ 6,061,380	\$ 6,409,056	\$ 5,779,672	\$ 5,698,393
Interest Cost	5,966,233	5,265,308	3,498,533	4,017,332	5,435,719	6,820,235	6,469,742
Effect of Plan Changes	(810,369)						
Differences Between Expected and Actual Experience	709,766		25,385,997	(119,122)	(75,830,451)	(510,226)	(308,280)
Changes in Assumptions and Other Inputs	(6,786,537)	10,410,880	(61,579,458)	12,286,023	35,765,663	(1,145,644)	(1,925,093)
Benefit Payments	(5,290,980)	(5,089,903)	(4,158,645)	(4,080,304)	(3,686,778)	(3,420,674)	(3,271,495)
Net change in total OPEB Liability	(1,976,713)	14,427,730	(30,675,815)	18,165,309	(31,906,791)	7,523,363	6,663,267
Total OPEB Liability - Beginning	161,868,743	147,441,013	178,116,828	159,951,519	191,858,310	184,334,947	177,671,680
Total OPEB Liability - Ending	\$ 159,892,030	\$ 161,868,743	\$ 147,441,013	\$ 178,116,828	\$ 159,951,519	\$ 191,858,310	\$ 184,334,947
Covered payroll	\$ 28,945,113	\$ 27,271,429	\$ 25,769,920	\$ 24,912,218	\$ 23,837,711	\$ 23,679,550	\$ 23,381,853
Total OPEB Liability as a percentage of covered payroll	552.40%	593.55%	572.14%	714.98%	671.00%	810.23%	788.37%

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

**Notes to Required Supplementary Information:**

The District's net OPEB liability is not funded. Therefore, the liability is the net position of the plan. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes to Benefit Terms

Future Teacher retiree contribution rates changed from 5% to 6% for Post 7/1/2026 retirees.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 10 to the financial statements

Changes to Assumptions -

Changes of assumptions for the 6/30/24 measurement date and other inputs reflect a change in the discount rate from 3.65% at 6/30/23 to 3.93% at 6/30/24.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
SCHEDULES OF DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2024**

**ERS Pension Plan  
Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 568,629	\$ 481,828	\$ 455,861	\$ 701,839	\$ 654,883	\$ 656,698	\$ 714,741	\$ 843,297	\$ 816,875	\$ 861,795
Contributions in Relation to the Contractually Required Contribution	568,629	481,828	455,861	701,839	654,883	656,698	714,741	843,297	816,875	861,795
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
School District's Covered-ERS Employee Payroll	\$ 4,364,935	\$ 4,120,523	\$ 3,837,783	\$ 4,199,050	\$ 4,241,417	\$ 4,384,342	\$ 4,362,956	\$ 4,621,063	\$ 4,422,534	\$ 4,403,244
Contributions as a Percentage of Covered-Employee Payroll	13.03%	11.69%	11.88%	16.71%	15.44%	14.98%	16.38%	18.25%	18.47%	19.57%

**TRS Pension Plan  
Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 2,258,435	\$ 2,214,251	\$ 2,008,209	\$ 1,935,064	\$ 1,966,901	\$ 1,787,168	\$ 2,118,097	\$ 2,304,894	\$ 3,091,162	\$ 2,691,361
Contributions in Relation to the Contractually Required Contribution	2,258,435	2,214,251	2,008,209	1,935,064	1,966,901	1,787,168	2,118,097	2,304,894	3,091,162	2,691,361
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
School District's Covered-TRS Employee Payroll	\$ 23,139,703	\$ 21,518,474	\$ 20,491,929	\$ 20,304,974	\$ 22,199,786	\$ 16,828,324	\$ 21,613,235	\$ 19,666,331	\$ 23,311,931	\$ 13,418,351
Contributions as a Percentage of Covered-Employee Payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)**  
For the Year Ended June 30, 2024

**ERS Pension Plan**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/liability	0.0121079%	0.0121528%	0.0115707%	0.0117808%	0.0126341%	0.0128567%	0.0142812%	0.0142714%	0.0146457%	0.0147167%
District's proportionate share of the net pension asset (liability)	\$ (1,782,768)	\$ (2,606,046)	\$ 945,855	\$ (11,731)	\$ (3,345,594)	\$ (910,939)	\$ (460,918)	\$ (1,340,976)	\$ (2,350,675)	\$ (497,166)
District's covered-employee payroll	\$ 4,364,935	\$ 4,120,523	\$ 3,837,783	\$ 4,199,050	\$ 4,241,417	\$ 4,384,342	\$ 4,362,956	\$ 4,621,063	\$ 4,422,534	\$ 4,403,244
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	(40.84%)	(63.25%)	(24.65%)	(0.28%)	(78.88%)	(20.78%)	(10.56%)	(29.02%)	(53.15%)	(11.29%)
Plan fiduciary net position as a percentage of total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.30%	98.20%	94.70%	90.70%	97.90%

**TRS Pension Plan**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the net pension asset/liability	0.113284%	0.112780%	0.112780%	0.117657%	0.111554%	0.110958%	0.111956%	0.114046%	0.112645%	0.113767%
District's proportionate share of the net pension asset (liability)	\$ (1,295,495)	\$ (2,164,122)	\$ (2,164,122)	\$ 20,388,764	\$ (3,082,526)	\$ 2,882,701	\$ 2,024,464	\$ 866,861	\$ (1,206,479)	\$ 11,816,795
District's covered-employee payroll	\$ 21,518,474	\$ 20,491,929	\$ 20,304,974	\$ 22,199,786	\$ 16,828,324	\$ 21,613,235	\$ 19,666,331	\$ 23,311,931	\$ 13,418,351	\$ 13,450,443
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	(6.02%)	(10.56%)	(10.66%)	91.84%	(18.32%)	13.34%	10.29%	3.72%	(8.99%)	87.85%
Plan fiduciary net position as a percentage of total pension liability	99.20%	98.60%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET  
AND REAL PROPERTY TAX LIMIT - GENERAL FUND  
For the Year Ended June 30, 2024**

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**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$ 62,818,363
Add: Prior Year's Encumbrances	<u>27,042</u>
Original Budget	\$ 62,845,405
Amendments:	
Unanticipated Use of Reserves	<u>2,775,349</u>
Final Budget	<u>\$ 65,620,754</u>

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

2024-25 Voter-Approved Expenditure Budget	<u>\$ 64,443,792</u>
<b>Maximum Allowed (4% of 2024-25 budget)</b>	<u><b>\$ 2,577,752</b></u>

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

Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 926,742	
Unassigned Fund Balance	<u>2,577,061</u>	
Total Unrestricted Fund Balance		3,503,803
Less:		
Appropriated Fund Balance	900,000	
Encumbrances Included in Committed and Assigned Fund Balance	<u>26,742</u>	
Total adjustments		<u>926,742</u>
<b>General Fund's Fund Balance Subject to Section 1318 of Real Property Tax Law</b>		<u><b>\$ 2,577,061</b></u>
<b>Actual Percentage</b>		<b>4.0%</b>

See Independent Auditor's Report.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**  
For the Year Ended June 30, 2024

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures		Unexpended Balance	Proceeds of Obligations	Methods of Financing		Fund Balance (Deficit) June 30, 2024
			Prior Years	Current Year			Federal and State Aid	Local Sources	
Buses	\$ 3,897,019	\$ 3,897,019	\$ 3,916,626	\$	\$ (19,607)	\$	\$	\$ 3,046,720	\$ (869,906)
Smart Bonds Project	1,167,221	1,167,221	1,161,114		6,107		1,148,509	1,148,509	(12,605)
Buses - 2020/21	455,000	455,000	455,095		(95)			420,000	(35,095)
Buses - 2022/23	554,000	554,000	553,784					465,000	(88,784)
Buses - 2023/24	683,077	683,077		673,396				621,077	(52,319)
2021-2022 Capital Outlay	100,000	100,000		54,635				54,635	
2021 Capital Project	39,815,000	39,815,000	482,900	3,455,441	35,876,659				(3,938,341)
2023 Capital Project	44,700,000	44,700,000			44,700,000				
<b>Totals</b>	<u>\$ 91,371,317</u>	<u>\$ 91,371,317</u>	<u>\$ 6,569,519</u>	<u>\$4,183,472</u>	<u>\$ 80,563,064</u>	<u>\$</u>	<u>\$ 1,148,509</u>	<u>\$ 4,607,432</u>	<u>\$ (4,997,050)</u>
					<u>\$10,752,991</u>			<u>\$ 5,755,941</u>	

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NET INVESTMENT IN CAPITAL ASSETS**  
**For the Year Ended June 30, 2024**

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Capital and Leased Assets, Net	\$ <u>56,226,527</u>
Deduct:	
Fund Balance (Deficit)	4,997,050
Lease Liability	235,913
Serial Bonds Payable	<u>9,780,000</u>
	<u>15,012,963</u>
Net Investment in Capital Assets	\$ <u><u>41,213,564</u></u>

See Independent Auditor's Report.

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950  
315-735-5216 Fax: 315-735-5210

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Board of Education  
New Hartford Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Hartford Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise New Hartford Central School District's basic financial statements, and have issued our report thereon dated October 15, 2024.

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

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

D'Arcangelo + Co., LLP

October 15, 2024

Utica, New York

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950  
315-735-5216 Fax: 315-735-5210

## **Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Education  
New Hartford Central School District

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

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

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

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

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

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

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

#### ***Responsibilities of Management for Compliance***

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

#### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

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

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

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

*D'Arcangelo + Co., LLP*

October 15, 2024

Utica, New York

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Agency or Pass-through Number	Current Year Expenditures	Expenditures to Subrecipients
<b><u>U.S. Department of Education</u></b>				
(Passed Through the State Education Department of the State of New York)				
Title I Grants to Local Educational Agencies	84.010	0021-24-2015	\$ 208,287	\$
Title II A - Improving Teacher Quality State Grants	84.367	0147-24-2015	42,772	
Title IV, Part A, Student Support and Academic	84.424	0204-24-2015	10,000	
Total			<u>261,059</u>	
Special Education Cluster				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-24-0619	593,992	
COVID -19 Special Education - Grants to States (IDEA, Part B)	84.027	5532-22-0619	19,265	
COVID -19 Special Education - Preschool Grants (IDEA Preschool)	84.173	5533-22-0619	13,331	
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-24-0619	7,741	
Total Special Education Cluster			<u>634,329</u>	
Total U.S. Department of Education			<u>895,388</u>	
<b><u>Total Federal Financial Assistance</u></b>			<b><u>\$ 895,388</u></b>	<b><u>\$</u></b>

**NEW HARTFORD CENTRAL SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of New Hartford Central School District, under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of New Hartford Central School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of New Hartford Central School District.

***Basis of Accounting***

The expenditures in the accompanying schedule are presented on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

***De Minimis Indirect Cost Rate***

New Hartford Central School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

***Donated Personal Protective Equipment (Unaudited)***

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of donated PPE, but such amounts are not included in the Schedule of Expenditures of Federal Awards. The School District did not receive donated PPE during the reporting year.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS  
For the Year Ended June 30, 2024**

***Summary of Auditor's Results***

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516 (a)?	No
(d)(1)(vii)	Major Programs (list):	<u>U.S. Department of Education</u> <b>Special Education Cluster</b>  AL# 84.027 – Special Education Grants to States (IDEA, Part B) AL # 84.027 – COVID-19 Special Education Grants to States (IDEA, Part B) AL# 84.173 – Special Education Preschool Grants (IDEA Preschool) AL # 84.173-COVID-19 Special Education Preschool Grants (IDEA Preschool)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

***Findings – Financial Statement Audit***

None noted.

***Findings and Questioned Costs – Major Federal Award Programs Audit***

None noted.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT  
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS  
For the Year Ended June 30, 2024**

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***Findings – Financial Statement Audit***

None.

***Findings and Questioned Costs – Major Federal Award Programs Audit***

None.

**APPENDIX C**  
**Material Event Notices**

## Material Event Notices

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

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

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

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

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

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

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

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

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

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

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