

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 4, 2025

NEW ISSUE/RENEWAL

BOND ANTICIPATION NOTES

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

The Notes **WILL NOT** be designated by the District as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

BROCTON CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK
(the "District" or the "School District")

\$16,199,710
BOND ANTICIPATION NOTES, 2025
(the "Notes")

Dated: June 25, 2025

Due: June 25, 2026

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

Prior Redemption: The Notes will not be subject to redemption prior to maturity.

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

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

To the extent that the Notes are registered in the name of the initial purchaser (s), principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). In such case, the Notes will be issued in registered form in denominations of \$5,000, or integral multiples thereof, except for one note of an odd denomination, as determined by the successful bidder(s).

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the legal opinion as to the validity of the Notes of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, and certain other conditions. It is anticipated that the Notes will be available for delivery in New York, New York (through the facilities of DTC) or at such other place as may be agreed with the purchaser(s) on or about June 25, 2025.

Facsimile or telephone bids will be received TUESDAY, June 10, 2025 until 10:00 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale relating to the Notes.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES.

**BROCTON CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK**

School District Officials

2024-2025 BOARD OF EDUCATION

Robert Mead-Colegrove - President
Steven Smith - Vice President

Matthew Brady
Rosanne Chesbro
David Hazelton
Melissa Seavy
Stewart Thompson

.....

Jason Delcamp - Superintendent of Schools
Caitlin Barkley – School Business Executive/Treasurer
Ashley Means – District Clerk

.....

School District Attorney

Webster Szanyi LLP

BOND COUNSEL

Hodgson Russ LLP

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

<u>TABLE OF CONTENTS</u>		
	<u>Page</u>	<u>Page</u>
		General Fund Operations 26
		STAR- School Tax Exemption 26
DESCRIPTION OF THE NOTES	4	
Purpose and Authorization	5	
Book-Entry-Only System	5	
Certificated Notes	7	
Security and Source of Payment	7	
Remedies of Noteholders on Default	7	
Special Provisions Affecting Remedies		
Upon Default	8	
THE SCHOOL DISTRICT	9	
General Information	9	
District Population	9	
Selected Wealth and Income Indicators	10	
District Facilities	10	
District Employees	11	
Historical and Projected Enrollment	11	
Employee Pension Benefits	11	
Other Post-Employment Benefits	14	
Major Employers	15	
Unemployment Rate Statistics	15	
Investment Policy	16	
Form of School Government	16	
Budgetary Procedures	16	
State Aid	17	
Fiscal Stress Monitoring	21	
New York State Comptroller		
Report of Examination	22	
Other Information	23	
Financial Statements	23	
TAX INFORMATION	24	
Assessed and Full Valuations	24	
Tax Rate Per \$1,000 Assessed Value	24	
Tax Collection Procedure	24	
Tax Collection Record	25	
Real Property Tax Revenues	25	
Major Taxpayers for 2024-25 Tax Roll	26	
		TAX LEVY LIMITATION LAW 27
		STATUS OF INDEBTEDNESS 28
		Constitutional Requirements 28
		Statutory Procedure 28
		Debt Outstanding End of Fiscal Year 29
		Status of Outstanding Bond Issues 30
		Total Annual Bond Principal and Interest Due 31
		Cash Flow Borrowings 31
		Status of Short-Term Indebtedness 31
		Capital Project Plans 31
		Building Aid Estimate 32
		Debt Statement Summary 33
		Estimated Overlapping Indebtedness 34
		Debt Ratios 34
		MARKET AND RISK FACTORS 35
		TAX EXEMPTION 36
		APPROVAL OF LEGAL
		PROCEEDINGS 37
		DISCLOSURE UNDERTAKING 37
		CONTINUING DISCLOSURE
		COMPLIANCE PROCEDURES 37
		LITIGATION 37
		BOND RATING 38
		MUNICIPAL ADVISOR 38
		MISCELLANEOUS 38
		APPENDIX – A- Financial Information
		APPENDIX – B – Audited Financial Statements
		For the Fiscal Year Ended June 30, 2024
		APPENDIX – C – Form of Disclosure Undertaking

PREPARED WITH THE ASSISTANCE OF:



R. G. Timbs, Inc
11 Meadowbrook Road
Whitesboro, NY 13492
877-315-0100
Expert@rgtimbsinc.net

OFFICIAL STATEMENT
BROCTON CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK
(the “District”)

\$16,199,710
Bond Anticipation Notes, 2025
(the “Notes”)

This Official Statement, which includes the cover page, has been prepared by the Brocton Central School District, Chautauqua County, New York (the “District” or the “School District,” “County” and “State,” respectively) in connection with the sale by the District of its \$16,199,710 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's tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

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

DESCRIPTION OF THE NOTES

The Notes are dated June 25, 2025, and mature, without option of prior redemption, on June 25, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

The Notes will be issued in registered form. At the option of the purchaser(s), the Notes may be registered in the name of the purchaser(s), with principal of and interest on the Notes being payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). In such case, the Notes will be issued in registered form in denominations of \$5,000, or integral multiples thereof, except for one note of an odd denomination, as determined by the successful bidder(s). Alternatively, the Notes may be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), with DTC acting as securities depository for the Notes. See “Book-Entry-Only System,” herein. Under the DTC scenario, one fully registered note certificate will be issued for all Notes bearing the same rate of interest and CUSIP number, each in the aggregate principal amount of such issue, and purchasers will not receive certificates

representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (federal funds) by the District directly to DTC for its nominee, Cede & Co.

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

Purpose and Authorization

The Notes are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law and the Local Finance Law, and pursuant to a bond resolution dated that was duly adopted by the Board of Education (the “Board”) on February 7, 2024, following a positive vote of the qualified voters of the District that was held on December 12, 2023, authorizing the issuance of up to \$16,329,710 of serial bonds to finance a “Capital Improvements Project, 2023” consisting of the partial reconstruction and renovation of, and the construction of improvements and upgrades to various District buildings and facilities (and the site thereof) (the “Project”).

The proceeds of the Note, in the amount of \$5,720,000, along with available funds of the District in the amount of \$130,000, will be used to redeem and renew, in part, an outstanding bond anticipation note of the District that was issued on October 31, 2024. The remaining proceeds of the Note, in the amount of \$10,479,710, will provide additional new money for the project.

Book-Entry-Only System

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

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

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or

Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

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

Source: The Depository Trust Company

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

PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

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

Certificated Notes

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

Security and Source of Payment

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

The Notes are general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest thereon. For the payment of such principal and interest, the District has the power and statutory authorization to levy *ad valorem* taxes on all of the taxable real property in the District without limitation as to rate or amount, subject to certain statutory limitation imposed by Chapter 97 of the 2011 Laws of New York. See "TAX LEVY LIMITATION LAW," herein.

Under the State Constitution, the District is required to pledge its faith and credit for the payment of principal of and interest on the Notes and the State is specifically precluded from restricting the power of the District to levy taxes on real property therefor. See the discussion under "TAX LEVY LIMITATION LAW," herein.

Remedies of Noteholders on Default

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

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

officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall cover the current status with respect to the payment of principal of and interest on all outstanding bonds or notes 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 or notes of the school district found to be in default and the amount of principal and interest thereon past due.

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

Under current law, provision is made for contract creditors (including holders of the Notes) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgement, although judicial mandates have been issued to officials to appropriate and pay judgements out of current funds or the proceeds of a tax levy.

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

Special Provisions Affecting Remedies Upon Default

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

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

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

Under the Bankruptcy Code, a petition may be filed in federal bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Bankruptcy Code also requires the municipality to file a plan for the adjustment of its debts, which may modify or alter the rights of creditors and would authorize the federal bankruptcy court to permit the municipality to issue certificates of indebtedness, which could have priority over existing creditors, and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite majority of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. The District has the legal capacity to file a petition under the Bankruptcy Code.

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

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

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

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

THE SCHOOL DISTRICT

General Information

The School District is located within the Towns of Pomfret, Portland and Stockton and the Village of Brocton in Chautauqua County.

The School District provides public education for grades Pre-K through 12 in one building. The New York State Thruway provides easy access to the City of Buffalo, approximately 40 miles northeast of the District. Opportunities for higher education are available in nearby Buffalo and Fredonia, New York and in Erie, Pennsylvania. The School District is essentially rural in character, with many residents commuting to Buffalo, Jamestown and Fredonia, New York and Erie, Pennsylvania for employment.

Source: District officials.

District Population

The 2023 population of the School District was estimated to be 4,205. (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 Village, Towns, County 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>2018-2022</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>
Village Of:						
Brocton	\$22,313	\$20,409	\$22,249	\$43,750	\$46,012	\$50,455
Towns Of:						
Pomfret	20,404	23,780	31,472	64,217	64,635	95,855
Portland	20,985	19,601	26,329	56,106	51,786	69,539
Stockton	19,412	20,762	31,842	50,938	54,844	80,694
County Of:						
Chautauqua	21,033	23,249	30,718	51,031	55,428	73,650
State Of:						
New York	30,948	34,212	47,173	67,405	74,036	100,846

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

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Current Maximum Capacity</u>	<u>Date of Last Addition or Alteration</u>
Elementary Wing	K-5	1956	621	2022
Middle/High School Wing ¹	6-12	1939	545	2022

1. These wings are part of the same building.

Source: District Officials

District Employees

The School District employs 144 full-time and part-time employees. The number of members, the collective bargaining units which represent them, and their current contract expiration dates are as follows:

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
Brocton Teachers' Association #2521	77	6/30/2025*
Teamster Local #264	14	6/30/2027
CSEA, Inc. Local 807; AFSCME Local 1000	11	6/30/2025*

*Contracts tentatively agreed upon, but unapproved by Unions or Board at this time.

Source: District Officials

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2020-21	565	2025-26	550
2021-22	580	2026-27	545
2022-23	563	2027-28	540
2023-24	570	2028-29	535
2024-25	556	2029-30	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.

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

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$161,685	\$416,341
2020-2021	205,070	463,105
2021-2022	166,329	429,304
2022-2023	163,335	561,786
2023-2024	208,260	529,430
2024-2025 (Budgeted)	377,663	556,822
2025-2026 (Budgeted)	397,315	559,080

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 percent of payroll (2019-20 to 2024-25) is shown below:

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

*Estimated.

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

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

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

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

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

The State’s 2019-2020 Enacted Budget will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any

particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. On June 5, 2019, the District established a TRS Fund and has funded \$545,954.

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 June 30, 2024, and financial data as of June 30, 2024, the School District's beginning year total OPEB liability was \$18,220,904, the net change for the year was (\$938,822) resulting in a total OPEB liability of \$17,282,082 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>
Lakeview Shock	Government Incarceration Facility	520
Brocton Central School District	Public Education	144
Jamestown Plastics	Manufacturer	84
Town of Portland	Government	28
Village of Brocton	Government	22

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

<u>Year</u>	<u>County Unemployment Rate</u>	<u>New York State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2020	8.9%	10.9%	8.1%
2021	5.6%	6.9%	5.3%
2022	3.9%	4.3%	3.6%
2023	4.3%	4.2%	3.7%
2024	4.1%	4.3%	4.0%

2024-2025 Monthly Figures

	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Chautauqua	3.9%	3.6%	3.8%	4.2%	4.2%	3.4%	3.4%	3.8%	4.2%	5.2%	5.4%	4.7%
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 deposits or certificates of deposits in 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) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of 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 either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

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

Form of School Government

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

The Board of Education is the policy-making body of the School District. On the third Tuesday of May of each year, an election is held within the School District boundaries to elect one or more members to the Board of Education. The Board of Education consists of seven members holding overlapping five-year terms so that as nearly as possible an equal number of members are elected to the Board each year. Board members must be qualified voters of the School District and no Board member may hold certain other School District offices or positions while serving on the Board of Education. In the first week of July of each year, the Board of Education 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 of Education is the chief fiscal officer of the School District. However, certain of the financial functions of the School District are the responsibility of the Superintendent of Schools, and the School District Treasurer.

The Superintendent of Schools is employed under a five-year contract.

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 114 to 41. 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 124 to 45. 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 2025-26 fiscal year was adopted by the qualified voters on May 20, 2025 by a vote of 98 to 44. 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 73.27% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017, the 2023-24 State budget which was not adopted until May 3, 2023 and the 2024-25 State budget which was not adopted until April 20, 2024. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal Aid Received by the State

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

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

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

State Aid History

The State's 2020- 2021 Enacted Budget - Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal

Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% of estimates or if actual disbursements exceed 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

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

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

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

The State's 2024-25 Enacted Budget provides \$35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever. This represents an increase of \$1.3 billion compared to the 2023-24

school year and includes a \$934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Enacted Budget maintains the "save harmless" provision, which currently ensures a school district receives at least the same amount of Foundation Aid as it received in the prior year. The State's 2024-25 Enacted Budget also authorizes a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

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

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

State Aid Litigation - In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity v. New York* mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

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

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights v. State of New York* ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs' causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the Campaign for Fiscal Equity case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts

therein. On October 14, 2021, Governor Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the Campaign for Fiscal Equity cases, and has been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create and equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York to phase-in full funding of Foundation Aid by the FY 2024 budget. In the 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund the Foundation Aid by FY 2024 budget and enacted this commitment into law. A breakdown of the currently anticipated Foundation Aid funding is available below:

- FY 2022: \$19.8 billion, covering 30% of existing shortfall
- FY 2023: Approximately \$21.3 billion, cover 50% of the anticipated shortfall
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school Districts
- FY 2025: Funding the full amount of Foundation Aid for all school districts.
- FY 2026: 2% minimum increase in Foundation Aid to all school districts. The State's 2025-26 Enacted Budget makes a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth school districts.

The following table illustrates the percentage of total revenue of the District for each of the below fiscal years comprised of State aid and budgeted figures for 2024-25 and 2025-26 fiscal years.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	\$ 16,384,760	\$ 11,141,521	68.00%
2020-2021	16,226,997	10,809,235	66.61
2021-2022	17,090,679	11,879,982	69.51
2022-2023	17,621,222	12,364,402	70.17
2023-2024	18,834,947	13,226,800	70.22
2024-2025 (Budgeted)	18,732,569	13,591,082	72.55
2025-2026 (Budgeted)	19,701,869	14,434,671	73.27

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 Office of the State Comptroller system creates an overall fiscal stress score which classifies whether a district is in "significant fiscal stress," in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation." Entities that do not accumulate the number of points that would place them in a

stress category will receive a financial score but will be classified in a category of "no designation". This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place it in one of the three established stress categories.

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	3.3
2023	No Designation	0.0
2022	No Designation	0.0
2021	No Designation	0.0
2020	No Designation	0.0

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on August 4, 2023. The purpose of the audit was to evaluate the District's claims were properly audited before payment for the period July 1, 2020 through November 16, 2022.

Key Findings

Claims were not properly audited before payment. As a result, there was an increased risk that improper or unsupported payments could have been made and may not have been detected and corrected.

Had the Board of Education (Board) provided the claims auditor with adequate guidance to perform her duties, we may not have found that of the 184 claims we reviewed totaling \$1.9 million, 100 claims totaling approximately \$141,000 should not have been approved for payment because they had one or more exceptions. For example:

- All 100 claims were paid without documentation to demonstrate that claims complied with the District's procurement policy.
- 28 of the claims totaling approximately \$66,000 also did not contain evidence indicating that the goods or services were received.

Key Recommendations

- Update written policies to define the claims auditor's duties and provide this guidance and the District's procurement policy to the claims auditor.
- Ensure that claims contain sufficient supporting documentation before approving them for payment.

District officials generally agreed with the Comptroller recommendations and indicated they planned to initiate corrective action.

The State Comptroller's office released an audit report of the District on August 4, 2023. The purpose of the audit was to evaluate whether the Board of Education and District Officials properly managed fund balance and reserves for the period July 1, 2019 through November 16, 2022.

Key Findings

The Board and District officials did not properly manage fund balance and reserves. As a result, the Board and District officials were not transparent with taxpayers and levied more taxes than necessary to fund operations. The Board and District officials:

- Overestimated budgetary appropriations by an annual average of \$1.3 million (8 percent) and allowed surplus fund balance to exceed the statutory limit as of June 30, 2022 by 7 percentage points or \$1.2 million.
- Could not demonstrate that six reserves with balances totaling more than \$2.2 million were funded or used as management intended.
- Did not establish a comprehensive reserve fund policy or develop annual reserve reports.

Key Recommendations

- Adopt budgets that include reasonable estimates for appropriations and reserves that will be used to fund operations.
- Reduce surplus fund balance to comply with the statutory limit.
- Reduce overfunded reserves in accordance with applicable statutes.

District officials agreed with the Comptroller recommendations and indicated they planned to initiate corrective action.

Copies of the complete reports and responses can be found via the website of the Office of the New York State Comptroller.

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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assessed Valuations:					
Pomfret	\$ 5,427,734	\$ 5,484,022	\$ 5,398,041	\$ 5,664,160	\$ 5,455,053
Portland	88,676,553	89,365,751	88,493,221	90,905,169	88,916,137
Stockton	<u>1,548,047</u>	<u>1,548,423</u>	<u>1,828,985</u>	<u>1,742,840</u>	<u>1,532,349</u>
Total	\$ 95,652,334	\$ 96,398,196	\$ 95,720,247	\$ 98,312,169	\$ 95,903,539
Equalization Rates:					
Pomfret	17.00%	15.50%	15.00%	13.00%	12.00%
Portland	51.00%	47.00%	45.00%	38.00%	36.00%
Stockton	100.00%	98.00%	100.00%	95.00%	88.00%
Full Valuations:					
Pomfret	\$ 31,927,847	\$ 35,380,787	\$ 35,986,940	\$ 43,570,462	\$ 45,458,775
Portland	173,875,594	190,139,896	196,651,602	239,224,129	246,989,269
Stockton	<u>1,548,047</u>	<u>1,580,023</u>	<u>1,828,985</u>	<u>1,834,568</u>	<u>1,741,306</u>
Total	\$ 207,351,488	\$ 227,100,706	\$ 234,467,527	\$ 284,629,159	\$ 294,189,350

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>
Pomfret	\$ 137.02	\$ 138.00	\$ 138.65	\$ 134.42	\$ 140.89
Portland	45.67	45.51	46.22	45.99	46.96
Stockton	23.29	21.83	20.80	18.39	19.21

Tax Collection Procedure

Property taxes for the School District are levied by the County and are collected by the District tax receivers. Such taxes are due and payable on September 30 but may be paid without penalty by October 31st. Penalties on unpaid taxes are 2% per month thereafter.

On or about November 21st, the tax receiver files a report of any uncollected school taxes with the County. The County thereafter on or before April 30 pays 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:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
Total Tax Levy	\$4,829,947	\$4,857,425	\$4,876,335	\$4,973,862	\$4,973,862
Amount Uncollected	402,764	340,198	354,942	418,913	464,855
% Uncollected	8.34%	7.00%	8.64%	9.85%	10.82%

*Tax Collection figures as of November 12, 2024.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2019-2020	\$16,384,760	\$3,807,964	23.24%
2020-2021	16,226,997	3,899,061	24.03
2021-2022	17,090,679	3,982,142	23.30
2022-2023	17,621,222	4,070,923	23.10
2023-2024	18,834,947	4,238,119	22.50
2024-2025 (Budgeted)	18,732,569	4,982,362	26.60
2025-2026 (Budgeted)	19,701,869	5,078,073	25.77

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 2025-226 fiscal years. This table is not audited.

Major Taxpayers 2024

For 2024-25 Tax Roll		
<u>Name</u>	<u>Type</u>	<u>Assessed Value</u>
CSX-New York Central Lines	Railroad	\$ 3,155,170
National Grid	Utility	2,644,128
National Fuel Gas Distribution	Utility	1,681,646
Norfolk Southern	Railroad	1,382,401
Evergreen Brocton CP LLC	Mobile Home Park	1,172,974
Joshua Ehmke	Apartments	977,270
James M. Deakin Trust Agreement	Residential	710,650
Consolidated Communications	Utility	589,345
Jean Gerardi	Personal	564,800
6037 Rt 5 LLC	Mobile Home Park	502,000
Total		\$ 13,380,384

1. The above taxpayers represent 13.95% of the School District's 2024-25 Assessed value of \$95,903,539.

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

General Fund Operations

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

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

1. (a) Such obligations are authorized for an object or purpose of which the District is not authorized to expend money; or
(b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with;

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Serial Bonds	\$9,915,000	\$14,815,026	\$12,545,000	\$11,100,000	\$9,575,000
Bond Anticipation Notes	0	0	0	0	0
Total Debt Outstanding	\$9,915,000	\$14,815,026	\$12,545,000	\$11,100,000	\$9,575,000

Status of Outstanding Bond Issues

Year of Issue:	2013		2015	
Amount Issued:	\$5,000,000		\$8,560,000	
Purpose/Instrument:	Qualified School Construction Bond		DASNY	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 370,000	\$ 103,913	\$ 650,000	\$ 205,350
2026	385,000	85,413	685,000	172,850
2027	405,000	66,163	715,000	138,600
2028	425,000	45,406	755,000	102,850
2029	450,000	23,625	790,000	65,100
2030	<u>-</u>	<u>-</u>	<u>665,000</u>	<u>25,600</u>
Totals:	\$ 2,035,000	\$ 324,519	\$ 4,260,000	\$ 710,350

Year of Issue:	2021	
Amount Issued:	\$5,295,300	
Purpose/Instrument:	Reconstruction/Serial Bond	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2025	\$ 280,000	\$ 65,600
2026	280,000	60,000
2027	300,000	54,400
2028	300,000	48,400
2029	290,000	42,400
2030	290,000	36,600
2031	295,000	30,800
2032	300,000	24,900
2033	300,000	18,900
2034	295,000	12,900
2035	285,000	7,000
2036	<u>65,000</u>	<u>1,300</u>
Totals:	\$ 3,280,000	\$ 403,200

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	\$ 1,300,000	\$ 374,863	\$ 1,674,863	15.21%
2026	1,350,000	318,263	1,668,263	30.36%
2027	1,420,000	259,163	1,679,163	45.60%
2028	1,480,000	196,656	1,676,656	60.83%
2029	1,530,000	131,125	1,661,125	75.91%
2030	955,000	62,200	1,017,200	85.15%
2031	295,000	30,800	325,800	88.11%
2032	300,000	24,900	324,900	91.06%
2033	300,000	18,900	318,900	93.95%
2034	295,000	12,900	307,900	96.75%
2035	285,000	7,000	292,000	99.40%
2036	<u>65,000</u>	<u>1,300</u>	<u>66,300</u>	100.00%
Totals:	\$ 9,575,000	\$ 1,438,069	\$ 11,013,069	

Cash Flow Borrowings

The District has occasionally found it necessary to issue revenue anticipation notes, but not in recent years. The last such borrowing was for \$2,450,000 in anticipation of 2003-04 State aid. The District does not presently anticipate issuing revenue or tax anticipation notes in the foreseeable future.

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	10/31/2024	6/26/2025	3.75%	\$ 5,850,000*

***To be redeemed and renewed, in part, with available funds of the District in the amount of \$130,000.**

Capital Project Plans

The District had a capital Project vote on December 12, 2023. The project passed with 101 yes to 24 no. The project will consist of partial reconstruction and renovation of, and the construction of improvements and upgrades to various District buildings and facilities, at an estimated maximum cost of \$16,829,710. The District issued a \$5,850,000 Bond Anticipation Note on October 31, 2024. This was the first borrowing against said authorization.

The proceeds of the Note, in the amount of \$5,720,000, along with available funds of the District in the amount of \$130,000, will be used to redeem and renew, in part, an outstanding bond anticipation note of the District that was issued on October 31, 2024. The remaining proceeds of the Note, in the amount of \$10,479,710, will provide additional new money for the project.

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 90.3%.

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 30, 2025

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Pomfret	\$ 5,455,053	12.00%	\$ 45,458,775
Portland	88,916,137	36.00%	246,989,269
Stockton	1,532,349	88.00%	1,741,306
Total			<u>\$ 294,189,350</u>
Debt Limit: 10% of Full Valuation			<u>\$ 29,418,935</u>
Inclusions:			
Serial Bonds			\$ 9,575,000
Bond Anticipation Notes			5,850,000
Total Inclusions:			<u>\$ 15,425,000</u>
Exclusions:			
Building Aid Estimate	¹		<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 15,425,000
New Monies This Issue:			<u>10,479,710</u>
Total Net Indebtedness After Giving Effect to This Issue:			<u>\$ 25,904,710</u>
Net Debt Contracting Margin			\$ 3,514,225
Percentage of Debt-Contracting Power Exhausted			88.05%

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

Estimated Overlapping Indebtedness

<u>Overlapping Unit</u>	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness</u>	¹	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
Chautauqua County	\$ 294,189,350						
	\$ 8,928,507,800	3.29%	\$ 73,204,892		N/A	\$ 73,204,892	\$ 2,412,060
Town of Pomfret	\$ 45,458,775						
	\$ 841,257,447	5.40%	6,132,658		N/A	6,132,658	331,389
Town of Portland	\$ 246,989,269					-	
	\$ 269,537,367	91.63%	5,775,800		N/A	5,775,800	5,292,627
Town of Stockton	\$ 1,741,306						
	\$ 154,387,026	1.13%	0		N/A	-	-
Village of Brocton	\$ 57,191,364						
	\$ 57,191,364	100.00%	7,055,904		N/A	7,055,904	<u>7,055,904</u>
Total							<u>\$ 15,091,979</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 2024 fiscal year. Not adjusted to include subsequent bond and note sales.
N/A Information not available from source document.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 30, 2025:

	Amount	Per Capita ^(a)	Percentage of Full Value ^(b)
Net Indebtedness	\$ 25,904,710	\$ 6,160.45	8.805%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 38,522,268	\$ 9,161.06	13.094%

(a) The District's estimated population is 4,205. (Source: 2023 U.S. Census Bureau estimate).

(b) The District's full valuation of taxable real estate for 2024-25 is \$294,189,350

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

MARKET AND RISK FACTORS

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

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

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

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

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

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

Cyber Security

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

threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

The Trump administration has publicly discussed dismantling the Federal Education Department. It is not possible to know what impact that would have on school districts across the country, including the School District. Additionally, the Trump administration has proposed, and imposed, tariffs on a variety of different nations across the globe. The effects of such tariffs are not known at this time. Finally, a federal court has recently blocked such tariffs from taking effect, but an appeal has been filed and a final outcome has yet to be determined.

TAX EXEMPTION

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

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

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

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

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

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

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

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions and proposals for future changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult their own legal and tax advisors with respect to these matters.

APPROVAL OF LEGAL PROCEEDINGS

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

DISCLOSURE UNDERTAKING

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, unless the Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the School District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as "Appendix C". A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Bonds as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

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

LITIGATION

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

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the 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.

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.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "A" which was assigned in connection with the issuance by the School District of \$5,295,300 School District (Serial) Bonds dated June 22, 2021.

A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

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 of the outstanding bonds.

MUNICIPAL ADVISOR

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

MISCELLANEOUS

The execution and delivery of this Official Statement have been duly authorized by the Board. Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the District is not guaranteed as to accuracy, completeness or fairness, the District has no reason to believe and does not believe that such information is materially inaccurate or misleading, and to the knowledge of the District, since the date of the Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the District and no material adverse changes in the general affairs of the District or in its financial condition as shown in

the Official Statement other than as disclosed in or contemplated by the Official Statement. Certain information contained in the Official Statement has been obtained from sources other than the District. All quotations from and summaries and explanations of provisions of laws herein do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

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

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

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

The School District's contact information is as follows: Caitlin Barkley, Business Executive/Treasurer phone: (716) 792-2170; email: cbarkley@broctoncsd.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.

Brocton Central School District

Dated: June 4, 2025
Brocton, New York

Robert Mead-Colegrove
President of the Board of Education

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

						Budgeted
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	\$4,447,109	\$4,837,282	\$5,361,120	\$5,709,895	\$6,552,140	\$7,498,759 ^E
<u>Revenues:</u>						
Real Property Taxes	\$3,807,964	\$3,899,061	\$3,982,142	\$4,070,923	\$4,238,119	\$4,982,362
Other Tax Items	995,812	942,456	882,658	777,743	746,758	0
Use of Money & Property	98,415	49,798	70,799	133,037	231,902	25,000
Charges for Services	33,550	8,255	15,623	65,840	82,885	19,125
Sale of Property/Comp. for Loss	11,941	1,670	8,040	29,814	9,174	0
Miscellaneous	202,861	109,912	91,976	35,733	147,606	65,000
State Aid	11,141,521	10,809,235	11,879,982	12,364,402	13,226,800	13,591,082
Federal Aid	92,696	406,610	153,733	143,730	151,703	50,000
Interfund Transfer	0	0	5,726	0	0	0
Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$16,384,760	\$16,226,997	\$17,090,679	\$17,621,222	\$18,834,947	\$18,732,569
<u>Expenditures:</u>						
General Support	\$1,958,475	\$1,831,752	\$1,883,729	\$1,912,041	\$2,098,830	\$2,289,028
Instruction	8,329,798	8,050,952	8,434,546	8,643,275	9,239,941	9,557,935
Transportation	687,416	551,252	704,870	787,287	943,029	987,485
Community Services	30,838	3,034	39,019	74,743	80,573	61,232
Employee Benefits	3,363,789	3,495,420	3,424,586	3,466,666	3,509,582	4,495,968
Debt Service	1,164,512	1,655,554	2,232,634	1,805,787	1,898,756	1,847,292
Interfund Transfer	<u>459,759</u>	<u>115,195</u>	<u>22,520</u>	<u>89,178</u>	<u>117,617</u>	<u>125,000</u>
Total Expenditures	\$15,994,587	\$15,703,159	\$16,741,904	\$16,778,977	\$17,888,328	\$19,363,940
Adjustments	0	0	0	0	0	0
Year End Fund Balance	\$4,837,282	\$5,361,120	\$5,709,895	\$6,552,140	\$7,498,759	\$6,867,388 ^E
Excess (Deficit) Revenues Over Expenditures	\$390,173	\$523,838	\$348,775	\$842,245	\$946,619	(\$631,371) ¹

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

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

E. Estimated.

General Fund – Budget Summary

2025-26 Proposed Budget

Revenues:

Real Property Taxes & STAR	\$5,078,073
Other Tax Items	0
Charges for Services	19,125
Use of Money & Property	25,000
Sale of Property	0
Miscellaneous	65,000
State Aid	14,434,671
Federal Aid	50,000
Interfund Transfers	0
Appropriated Fund Balance	1,366,428
Total Revenues	<u><u>\$21,038,297</u></u>

Expenditures:

General Support	\$2,254,511
Instruction	10,346,128
Transportation	1,005,376
Community Service	81,232
Employee Benefits	4,754,285
Debt Service	2,471,765
Interfund Transfers	25,000
Capital Outlay	100,000
Total Expenditures	<u><u>\$21,038,297</u></u>

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

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:					
Unrestricted Cash	\$1,580,242	\$2,249,839	\$1,851,813	\$2,241,230	\$1,267,746
Restricted Cash	1,990,771	2,237,455	2,932,466	3,065,053	5,258,312
Due from Other Funds	1,073,678	476,225	562,177	1,523,684	934,382
State and Federal Aid Receivable	273,791	729,120	900,324	447,020	586,810
Due from Other Governments	403,935	466,451	399,126	486,628	441,784
Other Receivables	83,286	88	36,421	108,015	33,932
Prepaid Expenditures	9,600			19,288	1,395
Total Assets	<u>\$5,415,303</u>	<u>\$6,159,178</u>	<u>\$6,682,327</u>	<u>\$7,890,918</u>	<u>\$8,524,361</u>
Liabilities:					
Accounts Payable	\$6,582	\$737	\$76,057	\$35,975	\$84,262
Accrued Liabilities	86,176	238,681	332,286	235,861	69,435
Due to Other Funds	0	0	0	389,278	26,192
Due to State Teachers Retirement System	439,514	487,500	523,679	605,435	580,691
Due to Employees' Retirement System	45,749	69,084	39,685	60,675	81,126
Due to Other Governments	0	0	0	0	
Unearned Revenues	0	2,056	725		
Overpayments	0	0	0	11,554	183,896
Total Liabilities:	<u>\$578,021</u>	<u>\$798,058</u>	<u>\$972,432</u>	<u>\$1,338,778</u>	<u>\$1,025,602</u>
Fund Balances:					
Restricted:					
Non-spendable	\$ 9,600	\$ -	\$ -	\$ -	\$ -
Restricted	1,990,771	2,235,013	2,932,466	3,065,053	5,258,312
Unrestricted:					
Assigned	795,289	605,007	826,654	377,665	614,746
Unassigned	2,041,622	2,521,100	1,950,775	3,109,422	1,625,701
Total Fund Balance	<u>\$4,837,282</u>	<u>\$5,361,120</u>	<u>\$5,709,895</u>	<u>\$6,552,140</u>	<u>\$7,498,759</u>
Total Liabilities and Fund Balance	<u>\$5,415,303</u>	<u>\$6,159,178</u>	<u>\$6,682,327</u>	<u>\$7,890,918</u>	<u>\$8,524,361</u>

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

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

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

BROCTON CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2024

BROCTON CENTRAL SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditor's Report	2-4
Management's Discussion and Analysis	5-16
Basic Financial Statements	
Statement of Net Position	18
Statement of Activities	19
Balance Sheet – Governmental Funds	20
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	21
Reconciliation of the Balance Sheet to the Statement of Net Position -Governmental Funds	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	23
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	24
Statement of Fiduciary Net Position	25
Statement of Changes in Fiduciary Net Position	26
Notes to Basic Financial Statements	27-66
Required Supplementary Information	
Schedules of Changes to the District's Total OPEB Liability and Related Ratios	68
Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	69-70
Schedule of Proportionate Share of the Net Pension Liability	71
Schedule of Contributions	72
Supplementary Information	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	74
Schedule of Project Expenditures Capital Projects Fund	75
Net Investment in Capital Assets	76
Report on Extraclassroom Activity Funds	77-81
Financial Reports – Federal Funds	82-97
Management Letter	98



Independent Auditor's Report

The Board of Education of the
Brocton Central School District
Brocton, New York

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the *Brocton Central School District*, (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 *Brocton Central School District*, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Governmental 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 Brocton 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

District 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 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 Governmental Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for additional analysis as required by Title 2 U.S. *Code of Federal Regulations* 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 supplemental material and the schedule of expenditures of federal awards 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 Supplementary Information, as listed in the table of contents and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 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 to solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Bahgat & Laurito-Bahgat,
Certified Public Accountants, P.C.
Fredonia, New York

October 15, 2024

Brocton Central School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2024. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Enrollment:

Over the past year, the enrollment District-wide has increased according to the October, 2023 BEDS Report. Throughout the year, the District enrollment increased by 8 students as compared to the prior school year. The number of students enrolled as of June 30, 2024 was 563 with 53 in outside placements. The number of district students that were not enrolled, but chose to pay tuition to other schools or were home-schooled totaled 32.

Significant capital projects:

The District voters approved a \$16,829,710 capital project in December 2023. The project includes the following improvements: high school gym renovation, auditorium renovation, elementary school office, lobby and library renovations, updated playground equipment, updated outdoor basketball court, parking lots for the high school gym, faculty and bus loop and main entry, renovation of the social support suite, new bus garage overhead doors, exterior doors, LED light fixtures and masonry restoration.

On March 19, 2024 the Brocton Central School District Board of Education approved a resolution establishing the need for an Emergency Capital Project to address the imminent safety concerns of a malfunctioning Public Announcement (PA) system that was no longer serviceable and was approved by voters to be replaced as part of the 2023 Capital Project that is in the design phase for SED approval before going out for bid. During the 2023-2024 school year the District spent \$72,353 on this Project.

Significant debt issuance:

During the 2023-24 school year, the District did not issue any new debt.

Known changes in State and Federal aid:

In 2023-24, the District continued to receive federal aid due to the response to the pandemic in the amount of \$1,233,443.

Brocton Central School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the District-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the School District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Figure A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Brocton Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1

Major Features of the District-Wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

<p style="text-align: center;">Brocton Central School District Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024</p>
--

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

District-Wide Statements

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources, and the School District's liabilities and deferred inflows of resources – is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the School District's activities are shown as *Governmental activities*: Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

Brocton Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements or in schedules immediately following the balance sheet and revenues and expenditures statement explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT
AS A WHOLE**

Changes in Tax Base

The full valuation of taxable real property for the fiscal year 2023-24 was \$284,629,159. This was an increase of \$50,161,632 from the 2022-2023 fiscal year. The equalization rate for the Town of Portland decreased from 45% in 2022-23 to 38%. The Town of Stockton had a decrease from 98% to 95%. The Town of Pomfret's equalization rate has steadily declined in the past 12 years making its assessed value only at 13% of full value. This has caused its tax rate on assessed value to be extremely high compared to the other townships.

Brocton Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT
AS A WHOLE (Continued)

The following chart depicts the School District's statement of net assets. This statement combines all funds of the District as required by GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This is a change from reporting each fund individually in the financial statements.

As depicted in the table below, current and other assets increased due to an increase in cash and receivables. Liabilities decreased due to pay down of debt and a decrease in the net pension liability proportionate share.

Condensed Statement of Net Position (in thousands of dollars)

	Governmental Activities and Total School District		
	6/30/2024	6/30/2023	Percentage Change
Current and Other Assets	\$8,825	\$7,997	10%
Capital Assets	32,554	32,597	0%
Total Assets	41,379	40,594	2%
Deferred Outflows of Resources	2,978	3,740	-20%
Total Assets and Deferred Outflows of Resources	44,357	44,334	0%
Long-Term Debt Outstanding	9,966	11,818	-16%
Other Liabilities	19,961	20,748	-4%
Total Liabilities	29,927	32,566	-8%
Deferred Inflows of Resources	3,178	3,161	1%
Total Liabilities and Deferred Inflows of Resources	33,105	35,727	-7%
Net Position			
Net Investment in Capital Assets	23,692	22,109	7%
Restricted	6,535	4,879	34%
Unrestricted	(18,975)	(18,381)	-3%
Total Net Position	\$11,252	\$8,607	31%

Brocton Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT
AS A WHOLE (Continued)

The following chart depicts the School District's changes in net assets from operating results. This statement combines all funds of the District as required by GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This is a change from reporting each fund individually in the financial statements. Additionally, revenues that are received as a direct result of expenses are stated separately.

Changes in Net Position from Operating Results (in thousands of dollars)

	Governmental Activities and Total School District		Percentage Change
	Fiscal Year Ended 6/30/2024	Fiscal Year Ended 6/30/2023	
Revenues			
Program Revenues			
Charges for Services	\$109	\$92	18%
Operating Grants	3,746	3,095	21%
General Revenues			
Property Taxes	4,238	4,071	4%
Other Tax Items	747	778	-4%
State Formula Aid	12,210	11,386	7%
Federal Aid	152	144	6%
Interest Earnings	232	133	74%
Sales of Property	9	30	-70%
Miscellaneous	148	36	311%
Total Revenues	21,591	19,765	9%
Expenses			
General Support	3,563	3,063	16%
Instruction	13,453	12,291	9%
Pupil Transportation	1,048	810	29%
Community Service	106	98	8%
Debt Service – Interest	294	299	-2%
Cost of Sales – Food	482	439	10%
Total Expenses	18,946	17,000	11%
Increase in Net Position	\$2,645	\$2,765	-4%

Brocton Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT
AS A WHOLE (Continued)

As depicted in the previous table, the Net position which is presented on the full accrual basis of accounting, decreased 4 percent from the prior year. Increases in Charges for Services, Operating grants and Interest and earnings contributed to a 9% increase in total revenue. While overall expenses increased only 11%.

The following chart shows the difference between total cost of services and net cost of services. This difference results from revenues that relate to certain expenditures reducing the expense total as required by GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." The difference between the total cost and net cost for general support consists of amounts charged for services, which include admission and other fees charged, and Federal grants received. The difference between the total cost and net cost for instruction consists of amounts charged for services which include tuition charged to other School Districts and fees charged for adult education, and Federal and State grants received. The difference between the total cost and net cost for the school lunch program includes amounts charged to the students for the purchase of lunches and snacks and Federal and State grants received.

Net Cost of Governmental Activities (in thousands of dollars)

	Total Cost of Services			Net Cost of Services		
	Fiscal Year Ended 6/30/24	Fiscal Year Ended 6/30/23	Percentage Change	Fiscal Year Ended 6/30/24	Fiscal Year Ended 6/30/23	Percentage Change
General Support	\$ 3,563	\$ 3,063	16%	\$ 3,266	\$ 3,063	7%
Instruction	13,453	12,291	9%	11,408	10,429	9%
Pupil Transportation	1,048	810	29%	349	234	49%
Community Service	106	98	8%	106	98	8%
Debt Service – Interest	294	299	-2%	(79)	-66	-20%
Cost of Sales – Food	482	439	10%	40	54	-26%
Total	\$ 18,946	\$ 17,000	11%	\$ 15,090	\$ 13,812	9%

Brocton Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT
AS A WHOLE (Continued)

As of June 30, 2024, the District had an unassigned fund balance of \$1,625,701. This represents 8.4% of the next fiscal year's budget. The District set aside \$606,371 to reduce the tax levy for the 2024-2025 fiscal year. It continued a Reserve for Employee Benefit Accrued Liabilities in the amount of \$354,100. The Reserve for Bonded Debt is currently at \$766,863 which includes building aid interest earnings, and premiums received on the previous Capital Project. The Reserve for Workers' Compensation is currently at \$400,000 and Reserve for Unemployment is currently at \$314,496. The Reserve for Retirement Contributions – ERS and Reserve for Retirement Contributions – TRS are currently at \$531,269 and \$545,953, respectively. The Tax Certiorari Reserve is currently at \$156,357 and the District has a capital reserve in the amount of \$1,264,274. The District funded a new Transportation reserve for \$750,000 and a new Property Loss reserve for \$175,000. Total reserves are currently at \$5,258,312.

General Fund Budgetary Highlights

During the 2023-2024 school year, significant changes between the final budget and the actual expenditures occurred in a few areas in the General Fund (Non-GAAP Basis):

- Central Services had a budget of \$1,480,745 and actual expenditures of \$1,271,357 resulting in a favorable variance of \$208,791 after \$597 in encumbrances. The favorable variance resulted from less than anticipated utility costs, as well as less labor costs and equipment replacement less than anticipated.
- Teaching-Regular School had a budget of \$3,771,960 and actual expenditures of \$3,714,069 resulting in a favorable variance of \$56,849 after \$1,042 of encumbrances. The favorable variance resulted from less than anticipated instructional supplies and textbook purchases.
- Instructional Media had a budget of \$417,317 and actual expenditures of \$322,427 resulting in a favorable variance of \$94,761 after \$129 in encumbrances. The favorable variance resulted from reassignment of a staff member to another position in the District.
- Pupil Services had a budget of \$652,397 and actual expenses of \$578,643 resulting in a favorable variance of \$73,729 after encumbrances of \$25. The favorable variance resulted from less than anticipated salary expense due to a retirement and replacement of lower paid staff, as well as less than anticipated athletic department expenses.

Brocton Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT
AS A WHOLE (Continued)

General Fund Budgetary Highlights (Continued)

- Employee Benefits had a budget of \$3,699,498 and actual expenses of \$3,509,582 resulting in a favorable variance of \$189,916. The favorable variance resulted from lower than anticipated staff enrollment in health insurance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Constitutional debt limit: Per the last Official Statement issued by the Brocton Central School District in 2023-2024, the limit was \$25,884,666.

Bond Rating: As of June 30, 2024, Brocton Central School's bond rating was A/Stable Outlook by Standard and Poors; A3 by Moody's Investor Services.

Debt Retired: The District retired \$1,525,000 of debt in the fiscal year 2023-24.

Other types of debt: Brocton Central School District has no other debt outstanding at this time.

The District purchased two school busses, cafeteria equipment including an oven steamer, dishwasher and a mobile cabinet, constructed an outdoor pavilion, and a new pool cover.

<p style="text-align: center;">Brocton Central School District Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024</p>
--

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- ❖ Proposed changes in educational standards that could materially affect programs provided by the District and the District's financial position.
- ❖ Retirement system contribution rates for the New York State Teachers' Retirement System (TRS) and the New York State Employees' Retirement System (ERS) have fluctuated dramatically over the last several years. In the coming year, the TRS rate is estimated to be 10.11% and the ERS contributions are estimated to be 15.2%.
- ❖ The District anticipates increased costs in future years due to the current inflationary economy which will impact future supplies and contractual purchases. Additionally, special federal funding related to the Novel Coronavirus is ending, costs that were covered by those funds may need to be absorbed by the general fund.
- ❖ On June 24, 2011 Chapter 97 of the laws of 2011 was signed into law creating a limit on school District and local government tax levies. Chapter 97 took effect for fiscal years beginning in January 2012. Chapter 97 limits the *tax levy growth factor* to the lesser of 2% or CPI of the adjusted prior year tax levy. The calculation of the adjusted tax levy limit also includes a tax base growth factor, certain exclusions; for example, increases in retirement plan required contributions of 2 percentage points over the previous year's required contribution, and allows for a carryover of the amount under the tax levy limit in the previous fiscal year. The District complied with the Tax Cap since inception.

**Brocton Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL
MANAGEMENT**

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 Business Office, Caitlin Barkley, Business Official, Brocton Central School District, Brocton, New York.

FINANCIAL STATEMENTS

Brocton Central School District
Statement of Net Position
June 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Cash	
Unrestricted	\$ 1,348,101
Restricted	5,258,312
Receivables	
State and Federal aid	1,679,140
Due from other governments	441,784
Due from fiduciary funds	34,881
Other receivables	34,922
Inventories	25,851
Prepaid expenditures	1,395
Capital assets, net	32,554,474
Net pension asset-proportionate share	-
Total Assets	41,378,860
DEFERRED OUTFLOWS OF RESOURCES	
OPEB (GASB 75)	-
Pensions	2,977,851
Total Deferred Outflows of Resources	2,977,851
Total Assets and Deferred Outflows of Resources	\$ 44,356,711
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
LIABILITIES	
Payables	
Accounts payable	\$ 445,594
Accrued liabilities	72,471
Unearned credits	
Overpayments and collections in advance	185,564
Unearned revenues - other	928
Due and payable within one year	
Due to teachers' retirement system	580,691
Due to employees' retirement system	85,497
Lease Liability	8,234
Serial bonds	1,300,000
Long-term liabilities	
Due and payable after one year	
Net pension liability-proportionate share	1,063,018
Other postemployment benefits payable	17,282,082
Compensated absences payable	402,086
Lease Liability	14,417
Serial bonds	8,485,985
Total Liabilities	29,926,567
DEFERRED INFLOWS OF RESOURCES	
OPEB (GASB 75)	2,539,705
Pensions	638,130
Total Deferred Inflows of Resources	3,177,835
NET POSITION	
Net Investment in Capital Assets	23,691,800
Restricted	6,535,015
Unrestricted (deficit)	(18,974,506)
Total Net Position	11,252,309
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 44,356,711

See Accompanying Auditor's Report and Notes to Financial Statements.

**Brocton Central School District
Statement of Activities
For the Year Ended June 30, 2024**

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 3,562,511	\$ -	\$ 296,557	\$ (3,265,954)
Instruction	13,453,211	82,885	1,962,647	(11,407,679)
Pupil transportation	1,047,885	-	698,787	(349,098)
Community services	105,591	-	-	(105,591)
Debt service	294,096	-	372,809	78,713
School lunch program	481,724	25,942	415,633	(40,149)
Total Functions and Programs	\$ 18,945,018	\$ 108,827	\$ 3,746,433	(15,089,758)
GENERAL REVENUES				
Real property taxes				4,238,119
Other tax items				746,758
Use of money and property				232,280
Miscellaneous				147,606
Sale of property and compensation for loss				9,174
State sources				12,209,762
Federal sources				151,703
Total General Revenues				17,735,402
Change in Net Position				2,645,644
Total Net Position - Beginning of year				8,606,665
Total Net Position - End of year				\$ 11,252,309

See Accompanying Auditor's Report and Notes to Financial Statements.

Brocton Central School District
Balance Sheet - Governmental Funds
June 30, 2024

Major

ASSETS	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds
Cash						
Unrestricted	\$ 1,267,746	\$ 2,541	\$ 1,073	\$ 76,741	\$ -	\$ 1,348,101
Restricted	5,258,312	-	-	-	-	5,258,312
Receivables						
Due from other funds	934,382	-	-	25,792	179,099	1,139,273
State and Federal aid	586,810	569,623	497,360	25,347	-	1,679,140
Due from other governments	441,784	-	-	-	-	441,784
Other receivables	33,932	-	-	990	-	34,922
Inventories	-	-	-	25,851	-	25,851
Prepaid expenditures	1,395	-	-	-	-	1,395
Total Assets	\$ 8,524,361	\$ 572,164	\$ 498,433	\$ 154,721	\$ 179,099	\$ 9,928,778
LIABILITIES						
Payables						
Accounts payable	\$ 84,262	\$ 280,740	\$ 73,912	\$ 6,680	\$ -	\$ 445,594
Accrued liabilities	69,435	3,036	-	-	-	72,471
Due to other funds	26,192	285,778	792,422	-	-	1,104,392
Due to Teachers' Retirement System	580,691	-	-	-	-	580,691
Due to Employees' Retirement System	81,126	1,682	-	2,689	-	85,497
Notes Payable						
Bond anticipation	-	-	-	-	-	-
Unearned Credits						
Overpayments and collections in advance	183,896	-	-	1,668	-	185,564
Unearned revenue - other	-	928	-	-	-	928
Total Liabilities	1,025,602	572,164	866,334	11,037	-	2,475,137
FUND BALANCES						
Non-spendable	-	-	-	25,851	-	25,851
Restricted	5,258,312	-	-	-	-	5,258,312
Assigned	614,746	-	-	117,833	179,099	911,678
Unassigned	1,625,701	-	(367,901)	-	-	1,257,800
Total Fund Balances	7,498,759	-	(367,901)	143,684	179,099	7,453,641
Total Liabilities and Fund Balances	\$ 8,524,361	\$ 572,164	\$ 498,433	\$ 154,721	\$ 179,099	\$ 9,928,778

See Accompanying Auditor's Report and Notes to Financial Statements.

Brocton Central School District
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash - unrestricted	\$ 1,348,101	\$ -	\$ -	\$ 1,348,101
Cash - restricted	5,258,312	-	-	5,258,312
Due from other funds	1,139,273	-	(1,139,273)	-
Due from fiduciary funds	-	-	34,881	34,881
State & Federal aid receivable	1,679,140	-	-	1,679,140
Other receivables	34,922	-	-	34,922
Due from other governments	441,784	-	-	441,784
Inventories	25,851	-	-	25,851
Prepaid expenditures	1,395	-	-	1,395
Land, buildings and equipment (net)	-	32,554,474	-	32,554,474
Net pension asset-proportionate share	-	-	-	-
Total Assets	9,928,778	32,554,474	(1,104,392)	41,378,860
DEFERRED OUTFLOWS OF RESOURCES				
Defeasance loss	-	-	-	-
OPEB (GASB 75)	-	-	-	-
Pensions	-	2,977,851	-	2,977,851
Total Deferred Outflows of Resources	-	2,977,851	-	2,977,851
Total Assets and Deferred Outflows of Resources	\$ 9,928,778	\$ 35,532,325	\$ (1,104,392)	\$ 44,356,711
LIABILITIES				
Accounts payable	\$ 445,594	\$ -	\$ -	\$ 445,594
Accrued liabilities	72,471	-	-	72,471
Retainage payable	-	-	-	-
Due to other funds	1,104,392	-	(1,104,392)	-
Due to fiduciary funds	-	-	-	-
Retainage payable	-	-	-	-
Due to Teachers' Retirement System	580,691	-	-	580,691
Due to Employees' Retirement System	85,497	-	-	85,497
Overpayments and collections in advance	185,564	-	-	185,564
Unearned revenues - other	928	-	-	928
Bond anticipation note payable	-	-	-	-
Compensated absences payable	-	402,086	-	402,086
Lease Liability	-	22,651	-	22,651
Serial bonds payable	-	9,785,985	-	9,785,985
Other postemployment benefits	-	17,282,082	-	17,282,082
Net pension liability-proportionate share	-	1,063,018	-	1,063,018
Total Liabilities	2,475,137	28,555,822	(1,104,392)	29,926,567
DEFERRED INFLOWS OF RESOURCES				
OPEB (GASB 75)	-	2,539,705	-	2,539,705
Pensions	-	638,130	-	638,130
Total Deferred Inflows of Resources	-	3,177,835	-	3,177,835
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	7,453,641	3,798,668	-	11,252,309
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 9,928,778	\$ 35,532,325	\$ (1,104,392)	\$ 44,356,711

See Accompanying Auditor's Report and Notes to Financial Statements.

**Brocton Central School District
Reconciliation of the Balance Sheet
to the Statement of Net Position - Governmental Funds
For the Year Ended June 30, 2024**

Fund Balances - total governmental funds		\$ 7,453,641
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 52,620,081	
Less accumulated depreciation	(20,065,607)	
		32,554,474
The District's proportionate share of the Teachers Retirement and Employee Retirement systems' collective net pension asset or (liability) is not reported in the funds.		
Net pension liability-proportionate share	(1,063,018)	
		(1,063,018)
Long -term liabilities including bonds payable, compensated absences and post-employment benefits are not due and payable in the current period and therefore are not reported in the funds.		
Deferred Outflow - OPEB GASB 75	-	
Deferred Inflow - OPEB GASB 75	(2,539,705)	
Deferred Outflow-Pensions	2,977,851	
Deferred Inflow - Pensions	(638,130)	
Other postemployment benefits	(17,282,082)	
Serial Bonds Payable	(9,575,000)	
Lease Liability	(22,651)	
Bond premium costs	(210,985)	
Compensated absences payable	(402,086)	
		(27,692,788)
Net assets of governmental activities		\$ 11,252,309

Brocton Central School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	Major					
	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds
REVENUES						
Real property taxes	\$ 4,238,119	\$ -	\$ -	\$ -	\$ -	\$ 4,238,119
Other tax items	746,758	-	-	-	-	746,758
Charges for services	82,885	-	-	-	-	82,885
Use of money and property	231,902	-	-	378	-	232,280
Sales of property and compensation for loss	9,174	-	-	-	-	9,174
Miscellaneous	147,606	-	-	-	-	147,606
State sources	13,226,800	488,371	85,017	8,560	-	13,808,748
Federal sources	151,703	1,740,374	-	389,851	-	2,281,928
Surplus food	-	-	-	17,222	-	17,222
Sales - school lunch	-	-	-	25,942	-	25,942
Total Revenues	18,834,947	2,228,745	85,017	441,953	-	21,590,662
EXPENDITURES						
General support	2,098,830	296,557	-	-	-	2,395,387
Instruction	9,239,941	1,911,140	-	-	-	11,151,081
Pupil transportation	943,029	44,630	-	-	-	987,659
Community services	80,573	-	-	-	-	80,573
Employee benefits	3,509,582	-	-	-	-	3,509,582
Debt service						
Principal	1,525,000	-	-	-	-	1,525,000
Interest	373,756	-	-	-	-	373,756
Cost of sales	-	-	-	474,402	-	474,402
Capital outlay	-	-	642,600	-	-	642,600
Total Expenditures	17,770,711	2,252,327	642,600	474,402	-	21,140,040
Excess/(Deficiency) of Revenues over Expenditures	1,064,236	(23,582)	(557,583)	(32,449)	-	450,622
Other Financing Sources and (Uses):						
Operating transfers in	-	23,582	94,035	-	-	117,617
Operating transfers (out)	(117,617)	-	-	-	-	(117,617)
Total Other Sources (Uses)	(117,617)	23,582	94,035	-	-	-
Excess/(Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	946,619	-	(463,548)	(32,449)	-	450,622
Fund Balances, Beginning of Year	6,552,140	-	95,647	176,133	179,099	7,003,019
Fund Balances, End of Year	\$ 7,498,759	\$ -	\$ (367,901)	\$ 143,684	\$ 179,099	\$ 7,453,641

See Accompanying Auditor's Report and Notes to Financial Statements.

Brocton Central School District
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
For the Year Ended June 30, 2024

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Eliminations and Reclassifications	Statement of Activities Totals
REVENUES						
Real property taxes	\$ 4,238,119	\$ -	\$ -	\$ -	\$ -	\$ 4,238,119
Other tax items	746,758	-	-	-	-	746,758
Charges for services	82,885	-	-	-	-	82,885
Use of money and property	232,280	-	-	-	-	232,280
Sale of property and compensation for loss	9,174	-	-	-	-	9,174
Miscellaneous	147,606	-	-	-	-	147,606
State sources	13,808,748	-	-	-	-	13,808,748
Federal sources	2,281,928	-	-	-	-	2,281,928
Surplus food	17,222	-	-	-	-	17,222
Sales - school lunch	25,942	-	-	-	-	25,942
Total Revenues	21,590,662	-	-	-	-	21,590,662
EXPENDITURES/EXPENSES						
General support	2,395,387	-	732,372	-	434,752	3,562,511
Instruction	11,151,081	-	116,869	-	2,185,261	13,453,211
Pupil transportation	987,659	-	(111,977)	-	172,203	1,047,885
Community services	80,573	-	-	-	25,018	105,591
Employee benefits	3,509,582	(633,112)	-	-	(2,876,470)	-
Debt service	1,898,756	-	-	(1,604,660)	-	294,096
Cost of sales	474,402	-	(51,914)	-	59,236	481,724
Capital outlay	642,600	-	(642,600)	-	-	-
Total Expenditures	21,140,040	(633,112)	42,750	(1,604,660)	-	18,945,018
Excess (Deficiency) of Revenues Over Expenditures	450,622	633,112	(42,750)	1,604,660	-	2,645,644
OTHER SOURCES AND USES						
Proceeds from Obligations	-	-	-	-	-	-
Premium on obligations	-	-	-	-	-	-
BANS redeemed from Appropriations	-	-	-	-	-	-
Operating transfers in	117,617	-	-	-	(117,617)	-
Operating transfers (out)	(117,617)	-	-	-	117,617	-
Total Other Sources (Uses)	-	-	-	-	-	-
Net Change for the Year	\$ 450,622	\$ 633,112	\$ (42,750)	\$ 1,604,660	\$ -	\$ 2,645,644

See Accompanying Auditor's Report and Notes to Financial Statements.

Brocton Central School District
Statement of Fiduciary Net Position
June 30, 2024

	Custodial Funds
ASSETS	
Restricted cash	\$ 78,850
Unrestricted cash	-
Due from other governments	12,447
Due from governmental funds	400
Prepaid expenditures	-
Total Assets	\$ 91,697
LIABILITIES	
Due to governmental funds	\$ 35,281
Extraclassroom activity balances	52,622
Other liabilities	3,794
Total Liabilities	\$ 91,697

See Accompanying Auditor's Report and Notes to Financial Statements.

Brocton Central School District
Statement of Changes In Fiduciary Net Position
For the Year Ended June 30, 2024

	Custodial Fund
ADDITIONS	
Fuel depot revenue	\$ 147,397
Total Additions	147,397
DEDUCTIONS	
Fuel Depot Contractual Expenditures	147,397
Change in Net position	-
Net Position, Beginning of Year	-
Net Position, End of Year	\$ -

See Accompanying Auditor's Report and Notes to Financial Statements.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies

The financial statements of the Brocton Central School District (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies used by the District are described below:

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units, and GASB Statement 61, The Financial Reporting Entity. 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 District and its component units and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity:

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found on page 77 of this report. The District accounts for assets held as an agent for various student organizations in a custodial fund.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

B. Joint Venture

The Brocton Central School District is one of 27 component School Districts in the Erie 2 - Chautauqua/Cattaraugus Board of Cooperative Educational Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under Section 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 Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation, Section 1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the 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, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$4,098,414 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued no serial bonds on behalf of BOCES. As of year-end, the District had no outstanding BOCES debt. The District did have an installment purchase agreement which is recorded as a lease liability. See note 8

The District's share of BOCES aid amounted to \$805,516.

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

C. Basis of Presentation

1. District-wide statements:

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. District-wide statements (Continued):

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

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended 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.

2. Fund statements:

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

The District reports the following major governmental funds:

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

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

Special Aid Fund: Used to account for special operating projects or programs supported in whole, or in part, with federal Funds or State or Local Grants.

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

Brocton Central School District
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

2. Fund statements (Continued):

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. The District treats the capital projects fund as a major fund regardless of size. A detail breakdown by project is provided on page 75 of this report.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Funds

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

The District has one class of fiduciary funds:

Custodial funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds, as well as the District participation in a shared fuel depot.

D. Measurement Focus and Basis of Accounting

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

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year as it matches the liquidation of related obligations except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until available. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 8, 2023. Taxes were collected during the period September 1, 2024 through October 31, 2024.

Uncollected real property taxes are subsequently enforced by Chautauqua County, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

G. Interfund Transactions

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

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

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

I. Cash (and cash equivalents)/Investments

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

I. Cash (and cash equivalents)/Investments (Continued)

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

Investments are stated at fair value.

J. Accounts Receivable

Accounts receivable 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.

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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 on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of receipt and/or purchase and an expense/expenditure 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 (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

L. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

M. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2003. For assets acquired prior to July 1, 2003, 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.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight - line	50 years
Building improvements	\$5,000	Straight - line	40 years
Site improvements	\$5,000	Straight - line	20 years
Furniture and equipment	\$5,000	Straight - line	5-20 years

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. If applicable, the District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experiences.

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

N. Deferred Outflows and Inflows of Resources (Continued)

until that time. The District has several items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the district-wide Statement of Net position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item relates to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The fifth item is the deferred inflows of resources related to lease receivable, which are reported in the District-Wide Statement of Net position as well as in the general fund.

O. Unearned Credits

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned credits arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned credits is removed and revenue is recorded.

P. Vested Employee Benefits

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

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

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

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

In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

Q. Other Benefits

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing retiree health insurance by recording its share of insurance premiums as an expenditure.

R. Short-term Debt

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

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

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

S. Retainage Payable

Retainage payable is reported in the district-wide financial statements. Retainage payable is a liability account reflecting amounts required to be held for the completion of contractual services such as construction or architectural services rendered to the School District. The District reported no retainage at June 30, 2024.

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

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

U. Equity Classifications

District-wide statements:

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

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

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

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

Funds statements:

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

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Food Service Fund of \$25,851.

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

Workers' Compensation Reserve Fund

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

Debt Service Reserve Fund

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement.

Tax Certiorari Reserve Fund

According to Education Law §3651.1-a, funds must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

Brocton Central School District
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

Funds statements (Continued):

Restricted (Continued)

Unemployment Insurance Payment Reserve Fund

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

Retirement Contributions

According to General Municipal Law §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 subfund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

Employee Benefit Accrued Liability

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

Funds statements (Continued):

Restricted (Continued)

Capital Reserve Fund

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

Liability Claims and Property Loss Reserve Funds

Pursuant to Education Law §1709(8-c), the Reserve must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget of \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund.

Restricted fund balance includes the following:

General Fund Reserves for:	
Workers' Compensation	\$ 400,000
Unemployment Insurance Payments	314,496
Retirement Contributions – ERS	531,269
Retirement Contributions – TRS	545,953
Employee Benefit Accrued Liability	354,100
Debt Service	766,863
Capital Reserve	1,264,274
Tax Certiorari Reserve	156,357
Property Loss	175,000
Transportation Reserve	750,000
Total Restricted Funds	<u>\$ 5,258,312</u>

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

Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

Funds statements (Continued):

Restricted (Continued)

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$8,375. Appropriated fund balance in the General Fund amounted to \$606,371. Any remaining fund balance in other funds is considered assigned.

The school lunch fund reports assigned fund balance of \$117,833 and the debt service fund also reports \$179,099 of assigned fund balance. As of June 30, 2024, the District's General Fund encumbrances were classified as follows:

General support	\$ 2,801
Instruction	3,933
Other	1,641
Total	<u>\$ 8,375</u>

Unassigned - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain 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, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

Funds statements (Continued):

Unassigned (Continued)

Net Position/Fund Balance

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

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

Order of Use of Fund Balance:

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

V. Future Changes in Accounting Standards

The following standards will be implemented when and if applicable in the future:

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

The school district will evaluate the impact of new pronouncements and the affect they may have on its financial statements and will implement them as applicable and when material. The District did not implement any new pronouncements in for the year ending June 30, 2024.

Brocton Central School District
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 2 – Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

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

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

1. Long-term revenue and expense differences:

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

2. Capital related differences:

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

**Brocton Central School District
Notes to Financial Statements
For the Year Ended June 30, 2024**

Note 2 – Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements (Continued)

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

3. Long-term debt transaction differences:

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

4. Pension differences:

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

5. OPEB differences:

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

Note 3 – Stewardship, Compliance and Accountability

Budgets

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

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

Appropriations are adopted at the program line item level.

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 3 – Stewardship, Compliance and Accountability (Continued)

Budgets (Continued)

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.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2024.

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 restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include continuing to monitor long term spending and the impact of State aid reductions.

Note 4 – Cash (and cash equivalents) - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks

Cash and Investments

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.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 4 – Cash (and cash equivalents) - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks (Continued)

Cash and Investments (Continued)

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

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	<u>\$ 6,959,251</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$5,258,312 within the governmental funds and \$78,850 in the fiduciary funds.

Deposits

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

Investment and Deposit Policy

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

Interest Rate Risk

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 4 – Cash (and cash equivalents) - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks (Continued)

Credit Risk

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

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

Custodial Credit Risk

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

The District restricts the securities to the following eligible items:

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

Investments

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 5– Receivables

Receivables at year-end for individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Governmental Activities</u>					
	General	Special Aid	School Lunch	Capital Projects	Total
Description:					
State and federal aid	\$ 586,810	\$ 569,623	\$ 25,347	\$ 497,360	\$ 1,679,140
Due from other governments	441,784	-	-	-	441,784
Other receivables	33,932	-	990	-	34,922
Total	\$ 1,062,526	\$ 569,623	\$ 26,337	\$ 497,360	\$ 2,155,846

District management has deemed the amounts to be fully collectible.

Brocton Central School District
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 6 – Capital Assets

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

	Beginning Balance, as restated	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 21,702	\$ -	\$ -	\$ 21,702
Work in progress	11,356	-	-	11,356
Total nondepreciable assets	33,058	-	-	33,058
Capital assets that are depreciated:				
Land improvements	1,240,914	-	-	1,240,914
Buildings	44,333,380	931,397	-	45,264,777
Furniture and equipment	5,443,610	383,261	(85,690)	5,741,181
Total depreciable assets	51,017,904	1,314,658	(85,690)	52,246,872
Less accumulated depreciation:				
Site improvements	1,157,481	27,454	-	1,184,935
Buildings	14,078,929	921,912	-	15,000,841
Furniture and equipment	3,422,462	303,282	(81,942)	3,643,802
Total accumulated depreciation	18,658,872	1,252,648	(81,942)	19,829,578
Total depreciable assets, net	32,359,032	62,010	(3,748)	32,417,294
Right-to- use assets:				
Equipment	363,041	-	(22,888)	340,153
Less Accumulated Amortization	157,907	78,122	-	236,029
Total Right to use Asset, net	205,134	78,122	(22,888)	104,124
Total capital asset balances	\$ 32,597,224	\$ (16,112)	(26,636)	\$ 32,554,476

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

General Support	\$ 946,882
Instruction	123,740
Pupil Transportation	163,659
School Lunch Program	18,367
	<u>\$ 1,252,648</u>

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 7 – Short-term Debt

The District had no outstanding short-term debt at June 30, 2024

Note 8 – Long-term Debt Obligations

Long-term liability balances and activity for the year are summarized below:

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

Serial Bonds

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

Noncurrent liability balances and activity are as follows:

	Beginning Balance	Additions	Refunding/ Reductions	Ending Balance	Due Within One Year
Government activities:					
Serial Bonds Payable	\$11,100,000	\$ -	\$ 1,525,000	\$ 9,575,000	\$ 1,300,000
Compensated Absences	529,592	-	127,506	402,086	-
Total long-term liabilities	\$11,629,592	\$ -	\$ 1,652,506	\$ 9,977,086	\$ 1,300,000

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Brocton Central School District
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 8 – Long-term Debt Obligations (Continued)

Bonds payable is comprised of the following:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2024
Qualified School Construction Bonds	7/11/2013	6/15/2029	1.50% - 5.25%	\$ 2,035,000
Serial Bond	6/10/2015	6/15/2030	5.00%	4,260,000
Serial Bond	6/22/2021	6/15/2036	2.00%	3,280,000
			Total Serial Bonds	9,575,000
			Bond Premium	210,985
Total Bonds Payable				\$ 9,785,985

The following is a summary of maturing debt service requirements:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,300,000	\$ 374,863	\$ 1,674,863
2026	1,350,000	318,263	1,668,263
2027	1,420,000	259,163	1,679,163
2028	1,480,000	196,656	1,676,656
2029	1,530,000	131,125	1,661,125
2030-2036	2,495,000	158,000	2,653,000
Totals	\$ 9,575,000	\$ 1,438,070	\$ 11,013,070

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

Interest paid \$ 373,756

On June 10, 2015, the District issued \$8,560,000 in general obligation bonds with an average interest rate of 5.00% to redeem bond anticipation notes that were used to finance the capital project. The bonds were issued at a premium of \$1,090,000.

Amortization of bond premiums has been computed using the effective interest rate method

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 8 – Long-term Debt Obligations (Continued)

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$5,270,000 of bonds outstanding are considered defeased.

	Beginning Balance	Issued	Amortization	Ending Balance
Bond premiums	\$ 282,687	\$ -	\$ (71,702)	\$ 210,985

Lease Liability

Lease Liability from right-to-use assets resulting from installment purchase agreement with Erie 1 Boces:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 8,234	\$ 724	\$ 8,958
2026	7,352	439	7,791
2027	5,042	205	5,247
2028	2,023	20	2,043
Total	\$ 22,651	\$ 1,388	\$ 24,039

Note 9 – Pension Plans

General information:

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

Provisions and administration:

The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired.

Brocton Central School District
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 9 – Pension Plans (Continued)

Benefits can be changed for future members only by enactment of a Statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

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

Funding policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 9 – Pension Plans (Continued)

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, was:

<u>Contributions</u>	<u>TRS</u>	<u>ERS</u>
2024	\$529,430	\$208,260
2023	\$561,786	\$163,335
2022	\$429,304	\$166,329

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

At June 30, 2024, the District reported the following asset/(liability) for its proportionate share of the net pension (asset) /liability for each of the Systems. The net pension (asset)/liability was measured as of June 30, 2023 for TRS and March 31, 2024 for ERS. The total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The District's proportion of the net pension (asset)/liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>TRS</u> June 30, 2023	<u>ERS</u> March 31, 2024
Measurement date		
District's proportionate share of the net pension (asset)/liability	\$ 338,067	\$ 724,951
District's portion of the Plan's total net pension (asset)/liability	.029562%	.0049236%
Change in proportion since the prior measurement date	\$ (205,088)	\$ (140,326)

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 9 – Pension Plans (Continued)

Funding policies (Continued):

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 819,724	\$ 233,506	\$ 2,026	\$ 19,768
Changes of assumptions	727,849	274,088	158,631	-
Net difference between projected and actual earnings on pension plan investments	172,813	-	-	354,135
Changes in proportion and differences between the District's contributions and proportionate share of contributions	41,060	93,884	84,776	18,794
District's contributions subsequent to the measurement date	529,430	85,497	-	-
Total	<u>\$ 2,290,876</u>	<u>\$ 686,975</u>	<u>\$ 245,433</u>	<u>\$ 392,697</u>

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	TRS	Year Ended	ERS
2024	\$ 133,831	2025	\$ (114,770)
2025	(181,501)	2026	158,663
2026	1,355,417	2027	225,679
2027	92,570	2028	(60,790)
2028	72,367	2029	-
Thereafter	43,330	Thereafter	-

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 9 – Pension Plans (Continued)

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2023	March 31, 2024
Actuarial valuation date	June 30, 2022	April 1, 2023
Interest Rate	6.95%	5.90%
Salary Scale	Rates of increase Differ based on service	4.4%
	Service	Rate
	5	5.18%
	15	3.64%
	25	2.50%
	35	1.95%
Decrement tables	July 1, 2015-June 30, 2020 System's Experience	April 1, 2015-March 31, 2020 System's Experience
Inflation Rate	2.40%	2.9%

For ERS, annuitant mortality rates are based on April 1, 2015, - March 31, 2020, the ERS System's experience with adjustments for mortality improvements based on MP-2022. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020, the TRS System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

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

Brocton Central School District
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 9 – Pension Plans (Continued)

Actuarial Assumptions (Continued)

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

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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	Target Allocation	Long-term expected Real rate of return*
ERS	2024	2024
Asset Class:		
Domestic equities	32%	4.0%
International equities	15	6.65
Private equity	10	7.25
Real estate	9	4.6
Opportunistic/ ARS Portfolio	3	5.25
Credit	4	5.40
Real assets	3	5.79
Domestic Fixed Income Securities	23	1.5
Cash	1	.25
Total	100%	
*Real rates of returns are net of the long-term inflation assumption of 2.9% for 2024.		
(1)Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equities and international equities, respectively.		

Brocton Central School District
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 9 – Pension Obligations (Continued)

Actuarial Assumptions (Continued)

	Target Allocation	Long-term expected Real rate of return*
TRS	2023	2023
Asset Class:		
Domestic equities	33%	6.8%
International equities	15	7.6
Real estate	11	6.3
Private equities	9	10.1
Domestic Fixed Income Securities	16	2.2
Global Bonds	2	1.6
High Yield Bonds	1	4.4
Global equities	4	7.2
Private Debt	2	6.0
Real Estate Debt	6	3.2
Cash	1	.3
Total	100%	
*Real rates of returns are net of the long-term inflation assumption of 2.4% for 2023.		

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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 asset/(liability).

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2024 calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 9 – Pension Obligations (Continued)

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
District's proportionate Share of the net pension (Asset) liability	\$5,148,939	\$338,067	(\$3,708,084)
ERS			
District's Share of the net pension (Asset) liability	\$2,279,319	\$724,951	(\$573,269)

Changes of Assumptions

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

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension (asset)/liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. For the year ended June 30, 2024 the District recognized net pension expense of \$949,475 for TRS and net pension expense of \$333,400 for ERS.

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through March 31, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$85,497.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 9 – Pension Obligations (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$580,691.

Note 10 – Unrestricted Net Position:

Unrestricted net position in the general fund consists of the following at June 30, 2024:

Designated for subsequent year's expenditures	\$ 606,371
Reserve for encumbrances	8,375
Unreserved	1,625,701
Total unrestricted net position general fund	<u>\$ 2,240,447</u>

Note 11 – Interfund Transactions – Governmental Funds

Interfund transactions and balances are as follows:

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 934,382	\$ 26,192	\$ -	\$ 117,617
Special Aid Funds	-	285,778	23,582	-
School Lunch Fund	25,792	-	-	-
Debt Service Fund	179,099	-	-	-
Capital Fund	-	792,422	94,035	-
Total Government Activities	1,139,273	1,104,392	117,617	117,617
Fiduciary	400	35,281	-	-
Totals	\$ 1,139,673	\$ 1,139,673	\$ 117,617	\$ 117,617

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 12 – Risk Management

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

Consortiums and Self-insured Plans

The District participates in Chautauqua County School Districts Medical Health Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 19 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members up to \$300,000 coverage per insured event. The pool obtains independent coverage for insured events in excess of the \$300,000 limit, and the District has essentially transferred all related risk to the pool.

The District participates in Erie #2 Area Schools Self Funded Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Erie #2 Area Schools Self Funded Workers' Compensation Plan is considered a self-sustaining risk pool that will provide coverage for its members up to \$450,000 per insured event. The Plan obtains independent coverage for insured events in excess of the \$450,000 limit and the District has essentially transferred all related risk to the Plan. The District has no liability for unbilled and open claims in excess of their reserves.

Note 13 – Commitments and contingencies

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

Federal and State Grants

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

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 13 – Commitments and contingencies (Continued)

Accumulating Non-vesting Sick Leave

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of GASB #16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports \$1,806,774 for accumulating, non-vesting sick leave.

Note 14 – Post-employment (Health Insurance) Benefits

A. General Information about the OPEB Plan

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute 100% of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 5 to 15 years of services to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits Provided

The District provides continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under. The specifics on each contract are on file at the District offices and are available on request.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 14 – Post-employment (Health Insurance) Benefits (Continued)

A. General Information about the OPEB Plan (Continued)

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

	Participant Count
Inactive plan members or beneficiaries currently receiving benefit payments	121
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	80
Total plan members	201

B. Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2024; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024.

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

Long-term bond rate	3.98% (Based on Fidelity Municipal Go AA 20 year bond rate)
Salary Scale	4.2% (Rate of expected payroll increases)
Single Discount Rate	3.98% (Blending of investment rate of return and long-term bond rate)
Healthcare Cost Trend Rates	5.10% for 2024 decrease to an ultimate rate of 3.86% by 2075
Retirees' Share of Benefit-Related Costs	100 percent of projected health insurance premiums for retirees

Mortality rates were based on Pub – 2010 Public Retirement Plan's mortality tables, headcount – weighted, distinct for teachers, general, and safety, without separate contingent survivor mortality. If retiree classifications are not available, retiree mortality is weighted at a rate of 60% teachers, 40% general, 0% safety.

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 14 – Post-employment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability (Continued)

Participation rate is assumed that 100% of all active employees currently enrolled in the OPEB plan will continue coverage into retirement. For retirees required to pay 100% of premiums, it is assumed that 25% will continue to do so in retirement. Employees who have currently waived coverage are assumed not to re-enter the plan prior to retirement.

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2023	\$ 18,220,904
Changes for the Year	
Service Cost	109,874
Interest	658,810
Changes of benefit terms	-
Differences between expected and actual experience	(429,536)
Changes in assumptions or other inputs	(376,033)
Benefit payments	(901,937)
Net Changes	(938,822)
Balance at June 30, 2024	<u>\$ 17,282,082</u>

Changes of benefit terms reflect:

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78 percent in 2023 to 3.98 percent in 2024.

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 (2.98 percent) or 1 percentage point higher (4.98 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(2.98%)	(3.98%)	(4.98%)
Total OPEB Liability	\$19,385,857	\$17,282,082	\$15,535,795

Brocton Central School District
Notes to Financial Statements
For the Year Ended June 30, 2024

Note 14 – Post-employment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.1-2.86 percent) or 1 percentage point higher (6.1-4.86 percent) than the current health care cost trend rate:

	Health Care Cost Trend Rates		
	1% Decrease	Discount Rate	1% Increase
	4.1% decrease to 2.86%	5.1% decrease to 3.86%	6.1% decrease to 4.86%
Total OPEB Liability	\$15,500,453	\$17,282,082	\$19,406,233

D. 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 revenue of \$140,984. 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	\$ -	\$ 916,728
Changes of assumptions or other inputs	-	1,622,977
TOTAL	\$ -	\$ 2,539,705

Net deferred outflows and inflows will be recognized in future years consistent with the following:

Fiscal Year Ending June 30,	Total Net Deferrals
2025	\$ (766,480)
2026	(766,480)
2027	(766,480)
2028	(141,328)
2029	(98,929)
Thereafter	-

<p style="text-align: center;">Brocton Central School District Notes to Financial Statements For the Year Ended June 30, 2024</p>
--

Note 14 – Post-employment (Health Insurance) Benefits (Continued)

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

The District provides retiree health insurance up to the amount of accrued sick leave with a set maximum number of days multiplied by the retiree's per diem rate. The total accrued amount is recorded as expenditure in the year of retirement and held in the trust and agency fund until exhausted.

Note 15 – Tax Abatements

The District negotiates property tax abatement agreements on an individual basis. The District has no tax abatement agreements as of June 30, 2024.

Note 16 – Cost-Sharing Arrangement

The Brocton Central School District, the Town of Portland, and the Village of Brocton have entered into a municipal cooperation agreement pursuant to General Municipal Law Article 5-G for the purchasing of fuel. All costs of operations and all decision-making will be shared equally by the School, Town, and Village. The activities of the fuel depot are accounted for in the Fiduciary Fund.

Note 17– Subsequent Events

The District has reviewed events and transactions that occurred between June 30, 2024 and October 15, 2024, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY SCHEDULES

Brocton Central School District
Schedules of Changes in the District's Total OPEB Liability and Related Ratios
For the Years Ended June 30, 2024, 2023, 2022, 2021, 2020, 2019 and 2018

	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability	\$ 17,282,082	\$ 18,220,904	\$ 21,426,888	\$ 22,336,890	\$ 21,871,523	\$ 26,306,408	\$ 27,534,215
Service Cost	109,874	173,643	151,233	158,793	193,199	200,321	171,908
Interest	658,810	587,485	489,366	524,420	880,976	969,677	962,084
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(429,536)	(937,583)	782,696	424,274	(8,286,408)	(1,726,390)	777,283
Changes of assumptions or other inputs	(376,033)	(2,188,193)	(1,403,156)	242,240	3,667,197	202,265	476,848
Benefit payments	(901,937)	(841,336)	(930,141)	(884,360)	(889,849)	(873,680)	(879,180)
Net change in total OPEB liability	(938,822)	(3,205,984)	(910,002)	465,367	(4,434,885)	(1,227,807)	1,508,943
Total OPEB liability-beginning	\$ 18,220,904	\$ 21,426,888	\$ 22,336,890	\$ 21,871,523	\$ 26,306,408	\$ 27,534,215	\$ 26,025,272
Total OPEB liability - ending	\$ 17,282,082	\$ 18,220,904	\$ 21,426,888	\$ 22,336,890	\$ 21,871,523	\$ 26,306,408	\$ 27,534,215
Covered Payroll	\$ 5,645,007	\$ 5,458,332	\$ 5,272,223	\$ 5,096,890	\$ 4,943,158	\$ 4,940,767	\$ 4,940,767
Total OPEB liability as a percentage of covered payroll	306.15%	333.82%	406.41%	438.25%	442.46%	532.44%	557.00%

Notes to schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of the discount rate each period. The Following are the discount rates used in each period.

6/30/2024	3.98%
6/30/2023	3.78%
6/30/2022	2.83%
6/30/2021	2.27%
6/30/2020	2.48%
6/30/2019	3.44%
6/30/2018	3.61%

Required Supplemental Schedule #2

**Brocton Central School District
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources				
Real property taxes	\$ 4,973,862	\$ 4,973,862	\$ 4,238,119	\$ (735,743)
Other tax items	348,271	348,271	746,758	398,487
Charges for services	19,125	19,125	82,885	63,760
Use of money and property	2,500	2,500	231,902	229,402
Sales of Property and Compensation for Loss	-	-	9,174	9,174
Miscellaneous	65,000	65,000	147,606	82,606
Total Local Sources	5,408,758	5,408,758	5,456,444	47,686
State sources	13,129,551	13,129,551	13,226,800	97,249
Federal sources	50,000	50,000	151,703	101,703
Total Revenues	18,588,309	18,588,309	18,834,947	246,638
OTHER FINANCING SOURCES				
Transfers from other funds	25,000	25,000	-	(25,000)
Encumbrances	-	37,954		
Appropriated reserves		-		
Total Revenues and Other Financing Sources	\$ 18,613,309	\$ 18,651,263	\$ 18,834,947	

See paragraph on supplementary schedules in auditor's report.

Brocton Central School District
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2024

EXPENDITURES	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
General Support					
Board of Education	\$ 41,146	\$ 30,206	\$ 25,814	\$ 580	\$ 3,812
Central Administration	226,845	246,145	244,929	60	1,156
Finance	312,802	319,482	312,368	580	6,534
Staff	75,988	83,488	72,377	984	10,127
Central Services	1,363,136	1,480,745	1,271,357	597	208,791
Special Items	170,781	178,481	171,985	-	6,496
Total General Support	2,190,698	2,338,547	2,098,830	2,801	236,916
Instruction					
Instruction, Administration & Improvement	489,578	510,073	484,821	34	25,218
Teaching - Regular School	3,522,181	3,771,960	3,714,069	1,042	56,849
Programs for Children with Handicapping Conditions	3,442,040	3,678,388	3,642,967	2,703	32,718
Occupational Education	517,077	510,177	497,014	-	13,163
Instructional Media	470,117	417,317	322,427	129	94,761
Pupil Services	581,900	652,397	578,643	25	73,729
Total Instruction	9,022,893	9,540,312	9,239,941	3,933	296,438
Pupil Transportation	894,083	966,211	943,029	-	23,182
Community Services	61,232	82,232	80,573	-	1,659
Employee Benefits	4,434,940	3,699,498	3,509,582	-	189,916
Debt Service	1,884,463	1,899,463	1,898,756	-	707
Total Expenditures	18,488,309	18,526,263	17,770,711	6,734	748,818
OTHER FINANCING USES					
Transfers to Other Funds	125,000	125,000	117,617	1,641	5,742
Total Expenditures & Other Uses	\$ 18,613,309	\$ 18,651,263	17,888,328	\$ 8,375	\$ 754,560
Net Change in Fund Balance	-	-	946,619		
Fund Balance - Beginning			6,552,140		
Fund Balance - Ending			\$ 7,498,759		

Note to required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Brocton Central School District
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2024

NYSLRS Pension Plan
Last 10 Fiscal Years

Teachers Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the Net Position liability/(asset)	0.029562%	0.028306%	0.028306%	0.027692%	0.028583%	0.028273%	0.028582%	0.027760%	0.027459%	0.028240%
Proportionate Share of the Net Position liability (asset)	\$ 338,067	\$ 543,155	\$ (4,961,317)	\$ 765,191	\$ (742,598)	\$ (511,253)	\$ (217,251)	\$ 297,318	\$ (2,852,160)	\$ (3,145,720)
Covered-employee Payroll	\$ 5,424,484	\$ 5,459,534	\$ 5,014,429	\$ 4,859,444	\$ 4,700,124	\$ 4,771,026	\$ 4,605,378	\$ 4,529,290	\$ 4,124,780	\$ 4,185,143
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	6.23%	9.95%	-98.94%	15.75%	-15.80%	-10.72%	-4.72%	6.56%	-69.15%	-75.16%
Plan fiduciary net position as a percentage of the total pension asset or liability	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

Employees Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	3/31/2024	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015
Proportion of the Net Position liability/(asset)	0.004924%	0.0040350%	0.4465800%	0.0043443%	0.4562900%	0.0043505%	0.0043505%	0.0046509%	0.0043163%	0.004104%
Proportionate Share of the Net Position liability (asset)	\$ 724,951	\$ 865,277	\$ (365,059)	\$ 4,326	\$ 1,208,272	\$ 309,259	\$ 140,409	\$ 437,010	\$ 692,771	\$ 138,651
Covered-employee Payroll	\$ 1,798,356	\$ 1,589,429	\$ 1,393,341	\$ 1,486,705	\$ 1,370,189	\$ 1,204,331	\$ 1,189,503	\$ 1,184,413	\$ 1,137,597	\$ 1,209,356
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	40.31%	54.44%	-26.20%	0.29%	88.18%	25.68%	11.80%	36.90%	60.90%	11.46%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

See paragraph on supplementary schedules included in auditor's report.

Required Supplemental Schedule #4

Brocton Central School District
Schedule of Contributions
For the Year Ended June 30, 2024

Teachers Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 529,430	\$ 561,786	\$ 491,414	\$ 463,105	\$ 416,431	\$ 506,683	\$ 451,327	\$ 530,833	\$ 568,006	\$ 710,404
Contributions in relation to the contractually required contribution	\$ 529,430	\$ 561,786	\$ 491,414	\$ 463,105	\$ 416,431	\$ 506,683	\$ 451,327	\$ 530,833	\$ 568,006	\$ 710,404
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 5,424,484	\$ 5,459,534	\$ 5,014,429	\$ 4,859,444	\$ 4,700,124	\$ 4,771,026	\$ 4,605,378	\$ 4,529,290	\$ 4,283,605	\$ 4,185,143
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%	16.97%

Employees Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 214,376	\$ 163,335	\$ 166,329	\$ 219,029	\$ 182,997	\$ 156,257	\$ 158,413	\$ 173,265	\$ 160,560	\$ 209,518
Contributions in relation to the contractually required contribution	\$ 214,376	\$ 163,335	\$ 166,329	\$ 219,029	\$ 182,997	\$ 156,257	\$ 158,413	\$ 173,265	\$ 160,560	\$ 209,518
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,798,356	\$ 1,589,429	\$ 1,393,341	\$ 1,486,705	\$ 1,370,189	\$ 1,204,331	\$ 1,189,503	\$ 1,184,413	\$ 1,137,597	\$ 1,209,356
Contributions as a percentage of covered-employee payroll	17.70%	10.28%	11.94%	14.73%	13.36%	12.97%	13.32%	14.63%	14.11%	17.32%

SUPPLEMENTARY SCHEDULES

Brocton Central School District
Schedule of Change from Adopted Budget to Final Budget
And the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 18,613,309
Add: Prior year's encumbrances	37,954
Original Budget	18,651,263
Budget Revision	
Transfer to Capital Project	-
Final Budget	\$ 18,651,263

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-25 voter-approved expenditure budget	\$ 19,363,940
Maximum allowed 4% of 2023-2024 budget	\$ 774,558

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

Unrestricted fund balance:	
Assigned fund balance	\$ 614,746
Unassigned fund balance	1,625,701
Total unrestricted fund balance	<u>\$ 2,240,447</u>

Less:	
Appropriated fund balance	\$ 606,371
Encumbrances included in assigned fund balance	8,375
Total adjustments	<u>\$ 614,746</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law **\$ 1,625,701**

Actual Percentage **8.40%**

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

Brocton Central School District
Schedule of Project Expenditures - Capital Projects Fund
For the Year Ended June 30, 2024

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures		Unexpended Balance	Methods of Financing			Fund Balance 6/30/2024
			Prior Years¹	Current Year		Proceeds of Obligations	State Aid	Local Sources	
2018 Capital Improvement Project	\$ 6,691,300	\$ 6,691,300	\$ 6,595,653	-	\$ 95,647	\$ 5,295,300	-	\$ 1,396,000	\$ 6,691,300
2023 Phase 1	4,966,023	5,096,545	-	247,995	4,848,550	-	-	-	-
2023 Phase 2	11,318,687	11,273,165	-	143,200	11,129,965	-	-	-	-
Emergency PA system	-	-	-	72,353	(72,353)	-	-	-	(143,200)
Smart Schools Bond Act	113,157	121,360	17,201	85,017	19,142	-	102,218	-	(72,353)
Capital Outlay	100,000	100,000	-	94,035	5,965	-	-	94,035	-
Totals	\$ 23,189,167	\$ 23,282,370	\$ 6,612,854	\$ 642,600	\$ 16,026,916	\$ 5,295,300	\$ 102,218	\$ 1,490,035	\$ 6,887,553
									\$ (367,901)

Supplemental Schedule #3

**Brocton Central School District
Net Investment in Capital Assets
For the Year Ended June 30, 2024**

Capital Assets, net		\$ 32,554,474
Deduct:		
Bond anticipation note	\$ -	
Premium on bonds payable	(210,985)	
Lease liability	(22,651)	
Short-term portion of bonds payable	(1,300,000)	
Long-term portion of bonds payable	(8,275,000)	
Less unspent proceeds:		
Reserve for debt	945,962	
		(8,862,674)
Net Investment in Capital Assets		\$ 23,691,800

See paragraph on supplementary schedules included in auditor's report.

BROCTON CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2024

**Independent Auditor's Report**

The Board of Education of the
Brocton Central School District

Qualified Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the Brocton Central School District for the year ended June 30, 2024, and the related notes to the financial statement. In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the basis for qualified opinion paragraph, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of Brocton Central School District, for the year ended June 30, 2024 on the basis of accounting described in Note 1.

Basis for Qualified Opinion

The records of the Extraclassroom funds of the Brocton Central School District were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

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 Brocton 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 qualified audit opinion.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Fund of Brocton Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2024, on our consideration of the Brocton 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 Brocton 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 Brocton Central School District's internal control over financial reporting and compliance.



Bahgat & Laurito-Bahgat,
Certified Public Accountants, P.C.
Fredonia, New York

October 15, 2024

Brocton Central School District
Extraclassroom Activity Funds
Statement of Receipts and Disbursements
Year Ended June 30, 2024

	Balance 6/30/2023	Receipts	Disbursements	Balance 6/30/2024
Art Club	\$ -	\$ 313	\$ -	\$ 313
Athletic Club	9	8,885	3,969	4,925
Basketball	996	-	996	-
Betterment Fund	329	-	329	-
Brocton Review	2,891	49	-	2,940
Trap Club	-	-	-	-
Drama Club	7,369	6,718	9,910	4,177
French Club	262	5	-	267
Garden Club	20	1,122	1,033	109
H.S. Student Council	14,692	7,361	6,540	15,513
High School Band	5,418	4,032	4,871	4,579
Honor Societies	1,772	1,525	1,702	1,595
Senior Class - 2020	-	-	-	-
Senior Class - 2021	-	-	-	-
Senior Class - 2022	-	-	-	-
Senior Class - 2023	-	-	-	-
Senior Class - 2024	3,125	35,021	37,954	192
Senior Class - 2025	1,389	17,684	9,453	9,620
Class of 2026	1,503	972	1,397	1,078
Class of 2027		5,474	2,890	2,584
Spanish Club	61	2	-	63
Varsity Baseball	23	-	23	-
Varsity Softball	650	-	650	-
Writers Club	1,863	3,366	4,516	713
Yearbook	4,074	2,065	2,185	3,954
Totals	\$ 46,446	\$ 94,594	\$ 88,418	\$ 52,622

See Accompanying Auditors' Report and Notes to Financial Statements.

<p style="text-align: center;">Brocton Central School District Extraclassroom Activity Funds Notes To Financial Statements For the Year Ended June 30, 2024</p>

Note 1 - Summary of Certain Significant Accounting Policies

The extraclassroom activity funds of the Brocton Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The transactions of the Extraclassroom Activity Funds are independent with respect to its financial transactions, and the designation of student management and the cash and investment balances are reported in the agency fund of the District.

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

A. Reporting Entity

The Extraclassroom Activity Funds is a component unit of the Brocton Central School District.

BROCTON CENTRAL SCHOOL DISTRICT

FINANCIAL REPORTS
FEDERAL FUNDS

YEAR ENDED JUNE 30, 2024

BROCTON CENTRAL SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Reports For The Entity:	
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	84-85
Reports For Federal Financial Assistance Programs:	
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with Uniform Guidance	86-88
Schedule of Expenditures of Federal Awards	89
Notes to Schedule of Expenditures of Federal Awards	90-91
Summary of Auditor's Results	92
Schedule of Findings and Questioned Costs	93-95
Summary Schedule of Prior Audit findings	96-97



**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**

The Board of Education of the
Brocton Central School District
Brocton, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brocton Central School District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Brocton 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 Brocton Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brocton Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Brocton Central School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2004-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brocton 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 a non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs, as item 2024-002.

Brocton Central School District's Response to Findings

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

Purpose of this Report

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



Bahgat & Laurito-Bahgat,
Certified Public Accountants, P.C.
Fredonia, New York

October 15, 2024



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

The Board of Education of the
Brocton Central School District
Brocton, New York

Report on Compliance For Each Major Federal Program

Opinion on Each Major Program

We have audited *Brocton Central School District's* compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of *Brocton Central School District's* major federal programs for the year ended June 30, 2024. *Brocton 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, *Brocton 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 the Brocton 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 Brocton 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 the Brocton 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 Brocton 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 Brocton 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 Brocton 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 Brocton 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 Brocton 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

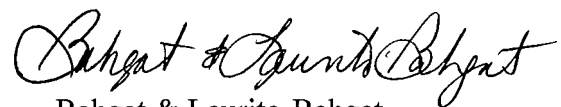
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 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.

A handwritten signature in black ink, appearing to read "Bahgat & Laurito-Bahgat".

Bahgat & Laurito-Bahgat,
Certified Public Accountants, P.C.
Fredonia, New York

October 15, 2024

Brocton Central School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Project Number	Federal Expenditures
U.S. Department of Agriculture				
Passed through NYS Education Department:				
Child Nutrition Cluster				
Non-Cash Assistance (food distribution):				
Commodity Foods	10.555	062301-04-0000		\$ 17,222
<i>Non-Cash Assistance Subtotal</i>				17,222
Cash Assistance:				
School Lunch	10.555	062301-04-0000		274,127
School Breakfast	10.553	062301-04-0000		111,502
School Summer	10.559	062301-04-0000		4,222
<i>Cash Assistance Subtotal</i>				389,851
<i>Total Child Nutrition Cluster</i>				407,073
Total U. S. Department of Agriculture				407,073
U.S. Department of Education				
Passed through NYS Education Department:				
Education Stabilization Fund				
ARP ESSER 3	84.425U	062301-04-0000	5880-21-0390	1,158,970
CRRSA-ESSER 2	84.425D	062301-04-0000	5891-21-0390	56,173
ARP Homless	84.425W	062301-04-0000	5218-21-0390	1,532
Total Education Stabilization Fund				1,216,675
Special Education Cluster:				
IDEA Part B, Section 611	84.027A	062301-04-0000	0032-24-0114	183,958
IDEA Part B, Section 611, ARP	84.027X	062301-04-0000	5532-22-0114	13,554
IDEA Part B, Section 619, ARP	84.173X	062301-04-0000	5533-22-0114	3,214
IDEA Part B, Section 619	84.173A	062301-04-0000	0033-24-0114	6,613
Total Special Education Cluster				207,339
Title I	84.010A	062301-04-0000	0021-23-0390	2,434
Title I	84.010A	062301-04-0000	0021-24-0390	249,019
Title IIA	84.367A	062301-04-0000	0147-24-0390	24,418
Title IV	84.424A	062301-04-0000	0204-24-0390	24,932
Title V, REAP	84.358B	062301-04-0000	0006-24-0390	15,557
Total U.S. Department of Education				1,740,374
Total Federal Awards Expended				\$ 2,147,447

See Notes to Schedule of Expenditures of Federal Awards.

<p style="text-align: center;">Brocton Central School District Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024</p>
--

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 – Summary of Certain Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

Note 3 – Scope of Audit

The District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

Note 4 – Noncash Assistance

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling \$17,222.

Note 5 – Indirect Cost Rate

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

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented.

<p style="text-align: center;">Brocton Central School District Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024</p>
--

Note 6 – Other Disclosures

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

Brocton Central School District Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's opinion(s) issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not
considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not
considered to be material weakness(es)? ☐ yes ☒ none reported

Type of auditor's opinion(s) issued on compliance for
major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in
accordance with section 2 CFR-200.516(a) ☐ yes ☒ no

Identification of major programs:

<u>Name of federal program</u>	<u>CFDA Number</u>
--------------------------------	--------------------

Education Stabilization Fund

ARP ESSER 3	84.425U
-------------	---------

CRRSA-ESSER 2	84.425D
---------------	---------

ARP Homeless Children & Youth	84.425W
-------------------------------	---------

Dollar threshold used to distinguish between Type A and Type B Programs *\$750,000*

Auditee qualified as low risk? ☒ yes ☐ no

<p style="text-align: center;">Brocton Central School District Schedule of Findings and Questioned Costs Year Ended June 30, 2024</p>
--

Section II – Findings – Financial Statement Audit

Significant Deficiencies:

A. Internal Control over Financial Reporting

2024-001 – Preparation of District Financial Statements, Note Disclosures and Adjusting Journal Entries

Condition: The external auditors prepared a draft of the financial statements, proposed adjusting journal entries and note disclosures, which were accepted by the District for the fiscal year ended June 30, 2024. Some of the adjustments and note disclosures are related to converting to the full accrual method of accounting for GASB 34 reporting purposes.

Criteria: The District should review and accept all proposed adjusting journal entries, note disclosures and draft of the financial statements.

Effect: AU-C Section 265 entitled *Communicating Internal Control Related Matters Identified in an Audit*, issue by the American Institute of Certified Public Accountants considers the need for significant adjusting entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Recommendation: We recommend that while the external auditors may continue providing assistance with the preparation of the financial statements, the District should continue to review and accept all proposed adjusting journal entries, financial statements and note disclosures.

District Response: The District will continue to review and accept all proposed adjusting journal entries, note disclosures and draft of the financial statements.

<p style="text-align: center;">Brocton Central School District Schedule of Findings and Questioned Costs Year Ended June 30, 2024</p>
--

Section II – Findings – Financial Statement Audit (Continued)

Significant Deficiencies (Continued):

B. Compliance and Other Matters

2024-002 – Unassigned Fund Balance

Condition: The District's unassigned fund balance as of June 30, 2024 amounted to \$1,625,701. This amount constitutes approximately 8.4% of the 2024-2025 school budget.

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

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

Effect: The District's unassigned fund balance was not in compliance with New York State Real Property Tax Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Recommendation: The District should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

District Response: The District realizes that its unassigned fund balance as of June 30, 2024 was in excess of the New York State mandated 4% level. The District has and will continue to closely monitor fund balance in the future and will review all options with regards to reservation and designation of fund balance.

**Brocton Central School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section III - Findings and Questioned Costs – Major Federal Award Programs Audit

None

<p style="text-align: center;">Brocton Central School District Summary Schedule Prior Audit Findings Year Ended June 30, 2024</p>
--

Section IV – Summary Schedule of Prior Audit Findings

A. Internal Control over Financial Reporting

2023-001 – Preparation of District Financial Statements, Note Disclosures and Adjusting Journal Entries

Condition: The external auditors prepared a draft of the financial statements, proposed adjusting journal entries and note disclosures, which were accepted by the District for the fiscal year ended June 30, 2023. Some of the adjustments and note disclosures are related to converting to the full accrual method of accounting for GASB 34 reporting purposes.

Criteria: The District should review and accept all proposed adjusting journal entries, note disclosures and draft of the financial statements.

Effect: AU-C Section 265 entitled *Communicating Internal Control Related Matters Identified in an Audit*, issue by the American Institute of Certified Public Accountants considers the need for significant adjusting entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Recommendation: We recommend that while the external auditors may continue providing assistance with the preparation of the financial statements, the District should continue to review and accept all proposed adjusting journal entries, financial statements and note disclosures.

District Response: The District will continue to review and accept all proposed adjusting journal entries, note disclosures and draft of the financial statements.

Current Status: Similar finding is being reported for the year ended June 30, 2024.

<p style="text-align: center;">Brocton Central School District Summary Schedule Prior Audit Findings Year Ended June 30, 2024</p>
--

Section IV – Summary Schedule of Prior Audit Findings (Continued):

B. Compliance and Other Matters

2023-002 – Unassigned Fund Balance

Condition: The District's unassigned fund balance as of June 30, 2023 amounted to \$3,109,422. This amount constitutes approximately 16.71% of the 2022-2023 school budget.

Criteria: Section 1318 of the New York State Real Property Tax Law permits the District to retain four percent of the subsequent year's budget in unassigned fund balance.

Effect: The District's unassigned fund balance was not in compliance with New York State Real Property Tax Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Recommendation: The District should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

District Response: The District realizes that its unassigned fund balance as of June 30, 2023 was in excess of the New York State mandated 4% level. The District has and will continue to closely monitor fund balance in the future and will review all options with regards to reservation and designation of fund balance.

Current Status: Similar finding is being reported for the year ended June 30, 2024.



BAHGAT & LAURITO-BAHGAT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

PROVIDING THE TOOLS FOR FINANCIAL SUCCESS

Directors

Sham Dean Bahgat, CPA

Louann Laurito-Bahgat, CPA, CFE

Laura L. Napoli, CPA

October 15, 2024

Mr. Jason Delcamp
Superintendent of Schools
Brocton Central School District

Dear Mr. Delcamp:

During the course of our audit of the School District's financial statements for the year ended June 30, 2024, we observed the School District's significant accounting policies and procedures and certain business, financial and administrative practices. The purpose of our engagement was to express an opinion on the basic financial statements, not to provide assurance on internal control.

As part of our examination, we also reviewed the School District's internal accounting controls for the limited purpose of determining the scope of our audit. Therefore, it would not necessarily disclose all weaknesses in the system.

As a result of our observations, we suggest you consider the following:

Extraclassroom Activities Fund

During the course of our audit of the Extraclassroom Activities Fund we found that both student involvement and faculty advisor involvement in the preparation of the cash receipts was not noted in the cash receipt/deposit form on numerous deposits that we inspected. Additionally, we noted that many of the deposits lacked sufficient documentation to support what was being deposited. In two instances it was noted that the count of cash did not agree with what the club documented. We recommend that to strengthen the internal controls over the cash receipt process that both student involvement and faculty advisor involvement be noted on every transaction and that discrepancies in counts be noted as agreed to by the submitters of the deposit. We further recommend that a detailed documentation of the source of the cash collected be kept with the deposit.

We would be happy to further discuss these recommendations with management, perform any follow-up studies, or to assist in the implementation of any of these recommendations.

We truly appreciate the outstanding cooperation we received from your staff during the audit of the School District's financial statements.

Very truly yours,

Bahgat & Laurito-Bahgat
Certified Public Accountants, P.C.

APPENDIX C

FORM OF DISCLOSURE UNDERTAKING

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Brocton Central School District, Chautauqua County, New York (the “Issuer”) in connection with the issuance of its \$16,244,710 Bond Anticipation Note(s), 2025 or interests therein (such Note(s), including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond (or Note) calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions.

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

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

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

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

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

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

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

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

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

- (a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

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

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

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

Section 8. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of [June 25, 2025].

BROCTON CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk