

OFFICIAL STATEMENT DATED JUNE 12, 2025

NEW ISSUE

BOND ANTICIPATION NOTES

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

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

**ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
CATTARAUGUS COUNTY, NEW YORK
(the "District" or the "School District")**

**\$2,600,000
BOND ANTICIPATION NOTES, 2025
(the "Notes")**

At an Interest Rate of 4.00% to Yield 3.25%

CUSIP #288497 FE5

Dated: June 26, 2025

Due: June 26, 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).

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. 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.

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 26, 2025.

Oppenheimer & Co.

THIS REVISED OFFICIAL STATEMENT SUPPLEMENTS THE OFFICIAL STATEMENT OF THE SCHOOL DISTRICT DATED JUNE 12, 2025 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12. OTHER THAN AS SET FORTH ON THIS REVISED COVER PAGE, "HISTORICAL CONTINUING DISCLOSURE COMPLIANCE" SECTION AND THE DATED DATE ON PAGE 42, THERE HAVE BEEN NO MATERIAL REVISIONS TO SAID OFFICIAL STATEMENT.

**ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
CATTARAUGUS COUNTY, NEW YORK**

School District Officials

2024-2025 BOARD OF EDUCATION

Debra Golley - President
Karl Northrup Vice President

Nathan Dahlman
Tiffany Frenz
Carla Kruszynski
Scotty McGee
Jenna O'Connell

Mark Ward – Interim Superintendent of Schools
Aimee Kilby – Business Executive & Treasurer
Kristen Pearl – District Clerk

School District Attorney

Bond, Schoeneck & King

BOND COUNSEL

Hodgson Russ LLP

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:



R. G. Timbs, Inc

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

OFFICIAL STATEMENT
ELLICOTTVILLE CENTRAL SCHOOL DISTRICT
CATTARAUGUS COUNTY, NEW YORK
(the “District”)

\$2,600,000
Bond Anticipation Notes, 2025
(the “Notes”)

This Official Statement, which includes the cover page, has been prepared by the Ellicottville Central School District, Cattaraugus County, New York (the “District” or the “School District,” “County” and “State,” respectively) in connection with the sale by the District of its \$2,600,000 Bond Anticipation Notes, 2025 (the “Notes”).

The factors affecting the District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District'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 26, 2025, and mature, without option of prior redemption, on June 26, 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. 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 January 14, 2025, following a positive vote of the qualified voters of the District that was held on December 10, 2024, authorizing the issuance of up to \$4,530,000 of serial bonds to finance a “Capital Improvements Project, 2024” consisting of the partial reconstruction, renovation and the construction of improvements and upgrades to various District buildings and facilities and the sites there of, the purchase of original furnishings, equipment, machinery and apparatus required in connection the purposes for which such buildings, facilities and sites are used, and all ancillary or related work required in connection therewith, including preliminary costs and costs incidental thereto in connection with the financing thereof (the “Project”).

The proceeds of the Notes will provide \$2,600,000 in new money for the Project.

Book-Entry-Only System

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

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

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

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

Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

Source: The Depository Trust Company

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

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

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE

COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

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

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 of or interest of any indebtedness.

THE SCHOOL DISTRICT

General Information

The School District covers approximately 115 square miles in the Towns of East Otto, Ellicottville, Franklinville, Great Valley, Humphrey and Mansfield, Cattaraugus County. The School District was formed when Great Valley and Ellicottville school districts were centralized in 1948. Located primarily in central Cattaraugus County, it is approximately 50 miles south of Buffalo. The School District is served by New York State Route 219. Bus service is available in Olean and air transportation is available in Jamestown. Larger commercial air transportation is available in Buffalo.

The School District is primarily recreational in nature with golf and skiing at Holiday Valley Resort (public) and the Holimont Resort (private); Allegany State Park and the Kinzua Reservoir offer camping, hunting, fishing, swimming and boating facilities, as well as trails for hiking, biking and cross-country skiing. Specifically, the ski season consistently draws people from Ohio, Pennsylvania, Canada, as well as Western and Central New York.

Water and sewer services are provided by the individual municipal systems, as well as by private wells and septic systems. Electricity is provided by National Grid and natural gas is provided by National Fuels. Police protection is provided by the Cattaraugus County Sheriff's Department and the New York State Police. Fire protection and ambulance services are provided by various volunteer organizations.

The School District provides public education for grades PreK-12. The colleges and universities in Jamestown, Fredonia, Olean, Allegany and Buffalo provide higher education and cultural opportunities.

Residents of the School District are afforded all the usual commercial services in the Village of Ellicottville. Five Star Bank and Manufacturers and Traders Trust Company have offices in the Village of Ellicottville.

District Population

The 2023 population of the School District is estimated to be 3,112. (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>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Village Of:						
Ellicottville	\$35,472	\$31,662	\$49,392	\$53,281	\$63,409	\$116,250
Towns Of:						
East Otto	19,291	34,637	33,652	50,673	72,292	94,688
Ellicottville	24,788	36,517	42,322	56,188	76,776	88,068
Franklinville	18,299	22,271	29,450	49,375	61,583	77,188
Great Valley	23,886	25,204	35,959	54,583	59,911	83,750
Humphrey	20,323	24,242	35,621	50,859	63,333	79,531
Mansfield	29,641	30,589	37,207	61,429	57,500	95,000
County of:						
Cattaraugus	20,824	22,832	31,173	51,227	55,744	75,127
State Of:						
New York	30,948	34,212	49,520	67,405	74,036	105,060

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

Source: U.S. Census Bureau, 2006-2010, 2016-2020 and 2019-2023 American Survey data.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Current Maximum Capacity</u>	<u>Date of Last Addition or Alteration</u>
Ellicottville Elementary School	PK-5	1988	407	2021
Ellicottville Middle/High School	6-12	1960	700	2021

Source: District Officials

District Employees

The District employs a total of 116 full-time and 8 part-time employees with representation by the various bargaining units listed below

Bargaining Unit	Employees	Expiration Date
Ellicottville Teachers' Association	65	6/30/2027
Ellicottville Related Professional Association	49	6/30/2026
Employees not represented by a bargaining unit	5	N/A
Administration/Management Confidential	5	N/A

Source: District Officials

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2020-21	623	2025-26	520
2021-22	610	2026-27	518
2022-23	568	2027-28	522
2023-24	543	2028-29	520
2024-25	517	2029-30	525

Source: District Officials

Employee Pension Benefits

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

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

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022 (for both Tier V and Tier VI).

- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2024-25 and 2025-2026 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$181,000	\$423,000
2020-2021	179,000	446,000
2021-2022	198,000	496,000
2022-2023	155,000	534,000
2023-2024	181,000	510,000
2024-2025 (Budgeted)	223,651	530,930
2025-2026 (Budgeted)	270,643	505,675

Source: District records

Source: Audited financial statements for the 2019-2020 fiscal year through the 2023-2024 fiscal year and the adopted budget of the District for the 2024-2025 and proposed budget for 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 have an early retirement incentive program. The program starts at \$10,000 after 10 years which increases by \$667 and then maxes out at \$20,000 as long as they are within the 365 days after the teacher first became eligible to retire under the NYSTRS.

Historical Trends and Contribution Rates – Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with

the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially from 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2020 to 2025) is show 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 the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

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

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

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

The State's 2019-2020 Enacted Budget will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members

of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established a TRS Reserve Fund as of March 30, 2021.

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

Other Post-Employment Benefits

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

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

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

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

Based on the most recent actuarial valuation dated July 1, 2023 and financial data as of June 30, 2024, the School District's beginning year total OPEB liability was \$349,996 the net change for the year was \$19,441 resulting in a total OPEB liability of \$369,437 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>
Holiday Valley (Win-Sum Corp.)	Ski Resort	700 ¹
Holimont, Inc.	Ski Resort	300 ¹
Ellicottville Central School District	Public Education	124
Fitzpatrick & Weller, Inc.	Lumber Company	80
Northrup Construction	Pipe & Utility Installations	45

Note: 1 Includes seasonal employees.

Source: District Officials

Unemployment Rate Statistics

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

<u>Year</u>	<u>Cattaraugus County Unemployment Rate</u>	<u>New York State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2020	9.1%	9.8%	3.7%
2021	5.3%	7.1%	8.3%
2022	4.1%	4.3%	5.3%
2023	4.1%	4.1%	3.5%
2024	4.1%	4.3%	4.1%

2024-25 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>
Cattaraugus	4.0%	3.6%	3.8%	4.3%	4.1%	3.3%	3.4%	3.7%	4.1%	5.1%	5.3%	4.6%
New York State	3.9%	4.0%	4.3%	4.8%	4.8%	4.0%	4.2%	4.2%	4.2%	4.6%	4.3%	4.1%

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

Investment Policy

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

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

Form of School Government

The Board of Education (the "Board") which is the policy-making body of the School District consists of seven members with overlapping three-year terms so that as nearly as possible, an equal number is elected to the Board each year. Each Board member must be a qualified voter of the School District and no Board member may hold other School District offices or positions while serving on the Board. The President and the Vice President are selected by the Board members.

The Board appoints the Superintendent of Schools, who serves under a written contract which, by statute, must be of no less than three and no more than five years in duration. Such Superintendent is the chief executive officer of the District. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities, under the direction of the Board. Certain other administrative and financial duties are performed by the School Business Executive, who is appointed by the Board.

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 School District's 2022-23 Budget exceeded the School District Tax Cap imposed by Chapter 97 of the laws of 2011 and was approved by a supermajority of the qualified voters of the District on May 17, 2022 by a vote of 140 to 36.

The School District's 2023-24 Budget exceeded the School District Tax Cap imposed by Chapter 97 of the laws of 2011 and was approved by a supermajority of the qualified voters of the District on May 16, 2023 by a vote of 190 to 31. The District received the required super majority vote required by law to surpass the tax cap.

The School District's 2024-25 Budget exceeded the School District Tax Cap imposed by Chapter 97 of the laws of 2011 and was approved by a supermajority of the qualified voters of the District on May 21, 2024 by a vote of 199 to 23.

The School District's 2025-26 Budget exceeded the School District Tax Cap imposed by Chapter 97 of the laws of 2011 and was approved by a supermajority of the qualified voters of the District on May 20, 2025 by a vote of 174 to 14.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2025-26 fiscal year, approximately 31.64% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the

exception of the 2016-17 State budget which was not adopted until April 9, 2017, the 2023-24 State budget which was not adopted until May 3, 2023. the 2024-25 State budget which was not adopted until April 20, 2024 and the 2025-26 State Budget which was not adopted until May 9, 2025. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal Aid Received by the State –

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

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

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

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

State Aid History

The State’s 2020- 2021 Enacted Budget - Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State’s 2020-2021 Enacted Budget was 3.7% lower than in the State’s 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor’s Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State’s 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State’s 2020- 2021 Enacted Budget authorized the State’s Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% of estimates or if actual disbursements exceed 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and

Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

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

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

The State's 2023-24 Enacted Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%. The 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.

On January 21, 2025, Governor Hochul released the 2025-2026 Executive Budget. The Executive Budget provides for a total of \$37.4 billion in school aid, with \$26.4 billion being in foundation aid (a 5.9% increase from last year), \$3.3 billion in building aid, \$2.7 billion in transportation aid, and \$1.2 billion in prekindergarten aid (the total of building aid, transportation aid, and prekindergarten aid accounting for an aggregate increase of 2.2% since last year.

A final budget was passed by New York State on May 8, 2025. The enacted budget includes a \$37.6 billion increase in total school aid. The enacted budget's foundation aid increase is nearly identical to the Executive Budget's; however, due to an adjustment in the aid calculation formula (as the formula is ensuing calculations pertain to Districts with large amounts of English language learners) some districts will see a slight increase or decrease in their final Foundation Aid amount. Foundation aid is New York State's main education operating formula. It is focused on allocating New York State funds

equitably to all school districts, especially high needs districts, based on student need, community wealth, and regional cost differences. As stated in Foundation Aid for the 2025 school year. Foundation aid is intended mainly to support district's instructional costs. It is the largest aid type within the school aid budget categories. Building aid is considered an expense based type of aid. The Executive Budget allocates \$3.3 billion in building aid for the 2025 school year.

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

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

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

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

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights v. State of New York* ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the *Campaign for Fiscal Equity* case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs' causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *Campaign for Fiscal Equity* case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021, Governor Hochul announced that New York State has reached an agreement to settle and discontinue the *New Yorkers for Students' Educational Rights v. New York State* case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the *Campaign for Fiscal Equity* cases, and has been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state

funding to schools, however, New York State has never fully funded Foundation Aid, The new settlement requires New York to phase-in full funding of Foundation Aid by the FY 2024 budget. In the 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund the Foundation Aid by FY 2024 budget and enacted this commitment into law. A breakdown of the currently anticipated Foundation Aid funding is available below:

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

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2020-2021	\$12,598,554	\$3,941,444	31.28%
2021-2022	13,458,351	4,156,130	30.88
2022-2023	14,377,050	4,672,404	32.50
2023-2024	15,272,559	4,904,249	32.11
2024-2025 (Budgeted)	15,038,452	5,046,143	33.55
2025-2026 (Budgeted)	16,311,698	5,160,322	31.64

Source: Audited financial statements for the 2020-2021 fiscal year through the 2023-2024 fiscal year and the adopted budget of the District for the 2024-2025 fiscal year and the proposed budget for the 2025-2026 fiscal year. This table is not audited.

Fiscal Stress Monitoring

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

The fiscal stress scores are based on financial information submitted as part of each School District's ST-3 report filed yearly with the State Education Department. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the 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</u> <u>In</u>	<u>Stress Designation</u>	<u>Fiscal</u> <u>Score</u>
2024	No Designation	6.7
2023	No Designation	10.0
2022	No Designation	0.0
2021	No Designation	3.3
2020	No Designation	6.7

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on June 14, 2019. The purpose of the audit was to determine whether the District information technology (IT) assets were properly safeguarded and secured for the period July 1, 2016 through December 18, 2018.

Key Findings

- District officials did not provide IT security awareness training for individuals who used District IT assets.
- Employees accessed websites for social networking, shopping, travel and other personal use.

In addition, sensitive IT control weaknesses were communicated confidentially to District officials.

Key Recommendations

- Provide periodic IT security awareness training.
- Provide adequate oversight of employee Internet use to ensure it complies with Board policies.

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

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

There are no State Comptroller's audits of the District that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes were issued is the Education Law and the Local Finance Law.

No principal or interest upon any obligation of the School District is past due.

The fiscal year of the School District is from July 1 to June 30.

Other than "Estimated Calculation of Overlapping Indebtedness", this Official Statement does not include the financial data of any other political subdivisions of the State having power to levy taxes within the School District

Financial Statements

The School District retains an independent Certified Public Accountant, whose most recent report covers the period ended June 30, 2024, and may be found attached hereto as Appendix B.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting ("GAAFR"), published by the National Committee on Government Accounting.

TAX INFORMATION

Assessed and Full Valuations

Fiscal Year Ended
June 30:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assessed Valuations:					
East Otto	\$ 7,070,685	\$ 7,106,380	\$ 8,609,336	\$ 9,506,322	\$ 9,624,373
Ellicottville	588,011,919	594,384,163	602,233,793	607,575,193	611,563,282
Franklinville	2,240,268	2,240,133	2,315,773	2,446,013	7,274,198
Great Valley	134,768,873	136,341,277	136,932,564	139,325,869	140,710,444
Humphrey	35,805,719	35,945,275	36,206,460	36,648,778	37,162,291
Mansfield	<u>95,045,985</u>	<u>95,987,372</u>	<u>113,904,198</u>	<u>118,925,402</u>	<u>121,654,551</u>
Total	\$ 862,943,449	\$ 872,004,600	\$ 900,202,124	\$ 914,427,577	\$ 927,989,139

Equalization Rates:

East Otto	99.00%	93.00%	100.00%	100.00%	100.00%
Ellicottville	99.00%	97.00%	84.00%	65.00%	54.50%
Franklinville	62.00%	60.00%	53.00%	45.00%	100.00%
Great Valley	93.00%	93.00%	82.00%	72.00%	63.00%
Humphrey	84.00%	83.00%	77.00%	69.00%	63.00%
Mansfield	100.00%	100.00%	100.00%	89.00%	82.00%

Full Valuations:

East Otto	\$ 7,142,106	\$ 7,641,269	\$ 8,609,336	\$ 9,506,322	\$ 9,624,373
Ellicottville	593,951,433	612,767,178	716,944,992	934,731,066	1,122,134,462
Franklinville	3,613,335	3,733,555	4,369,383	5,435,584	7,274,198
Great Valley	144,912,767	146,603,524	166,990,932	193,508,151	223,349,911
Humphrey	42,625,856	43,307,560	47,021,377	53,114,171	58,987,763
Mansfield	<u>95,045,985</u>	<u>95,987,372</u>	<u>113,904,198</u>	<u>133,624,047</u>	<u>148,359,209</u>
Total	\$ 887,291,482	\$ 910,040,458	\$ 1,057,840,217	\$ 1,329,919,342	\$ 1,569,729,917

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>
East Otto	\$ 9.21	\$ 9.74	\$ 8.36	\$ 7.00	\$ 6.19
Ellicottville	9.32	9.33	9.95	10.76	11.36
Franklinville	14.70	15.09	15.77	15.55	6.19
Great Valley	9.80	9.74	10.19	9.72	9.83
Humphrey	10.85	10.91	10.85	10.14	9.83
Mansfield	9.11	9.05	8.36	7.86	7.55

Tax Collection Procedure

School taxes are due September 1. If paid by September 30, no penalty is imposed. There is a 2% penalty if paid by the end of October. On November 1, a list of all unpaid taxes is given to the Counties for re-levy on County/Town tax rolls. The School District is reimbursed by the Counties for all unpaid taxes the first week of April in each year and is thus assured of 100% collection of its annual levy.

Tax Collection Record

Fiscal Year Ended June 30:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
General Fund Tax Levy	\$8,022,338	\$8,174,498	\$8,775,876	\$9,228,298	\$9,646,809
Omissions/Loss of Exemptions- Prior Years	0	0	0	0	0
Levy for Library	65,000	65,000	65,000	75,000	75,000
Total Levy for All Purposes	8,087,338	8,239,498	8,840,876	9,303,298	9,721,809
Excess (Deficit) on Tax Rolls	0	0	0	0	0
Taxes Cancelled	0	0	0	0	0
Net Taxes on Roll	\$8,087,338	\$8,239,498	\$8,840,876	\$9,303,298	\$9,721,809
STAR Program	263,289	253,696	233,395	220,184	193,181
Net Taxes After STAR Program	\$7,824,049	\$7,985,802	\$8,607,481	\$9,083,114	\$9,528,628
Taxes Collected Prior to Return	7,262,734	7,428,485	7,754,198	8,406,230	8,656,612
Uncollected Date of Return	\$560,980	\$556,980	\$743,896	\$676,884	\$872,016
Percentage Collected Prior to Return	93.00%	93.00%	90.00%	92.55%	89.20%

Note: * Collection information is as of 11/26/2024

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>
2020-2021	\$12,598,554	\$8,113,542	64.40%
2021-2022	13,458,351	8,265,294	61.41
2022-2023	14,377,050	8,868,962	61.69
2023-2024	15,272,559	9,334,679	61.12
2024-2025 (Budgeted)	15,038,452	9,361,809	62.25
2025-2026 (Budgeted)	16,311,698	9,979,876	61.18

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

Major Taxpayers 2024 For 2024-25 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Value</u>
Win-Sum Ski Corp	Ski Resort	\$11,800,000
Win-Sum Ski Corp	Hotel	4,800,000
Pengilly	Rentals	4,382,500
Pengilly	Rentals	3,796,600
Holimont Inc	Ski Resort	3,722,100
1378 Group LLC	Hotel	3,538,400
Niagara Mohawk Power Group	Electric	2,920,562
Niagara Mohawk Power Group	Outside Plant	2,509,033
Allegany Mountain Resort	Camping Park	2,390,100
Total		\$39,859,295

1. The above taxpayers represent 4.30% of the School District's 2024-25 Assessed value of \$927,989,139

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 \$98,700 or less in 2024 and \$107,300 or less in 2025, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first \$84,000 for the 2024-25 school year and 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.

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of \$250,000 or less have the option to select the credit or the exemption.

The 2020-21 Enacted State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

Statutory law in the State permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance of such notes and provided that such renewal issues do not exceed five years beyond the original date of borrowing. Additionally, in response to the COVID-19 pandemic, legislation has been adopted that allows certain bond anticipation notes originally issued between 2015 and 2021 to be renewed up to seven years prior to the issuance of serial bonds.

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

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Serial Bonds	\$7,220,000	\$6,485,000	\$13,590,000	\$12,435,000	\$11,255,000
Bond Anticipation Notes	0	10,140,000	0	0	0
Total Debt Outstanding	\$7,220,000	\$16,625,000	\$13,590,000	\$12,435,000	\$11,255,000

Status of Outstanding Bond Issues

Year of Issue:	2016	
Amount Issued:	\$9,790,000	
Purpose/Instrument:	Construction/Reconstruction	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2025	\$ 660,000	\$ 99,025
2026	680,000	85,825
2027	645,000	72,225
2028	660,000	59,325
2029	680,000	45,300
2030	705,000	30,000
2031	<u>495,000</u>	<u>12,375</u>
Totals:	\$ 4,525,000	\$ 404,075

Year of Issue:	2022	
Amount Issued:	\$7,765,000	
Purpose/Instrument	Construction/Reconstruction	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2025	\$ 545,000	\$ 214,775
2026	550,000	198,425
2027	435,000	181,925
2028	450,000	168,875
2029	460,000	155,375
2030	475,000	141,575
2031	485,000	127,325
2032	500,000	112,775
2033	510,000	97,775
2034	525,000	81,200
2035	535,000	62,825
2036	555,000	44,100
2037	570,000	24,675
2038	<u>135,000</u>	<u>4,725</u>
Totals:	\$ 6,730,000	\$ 1,616,350

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	\$ 1,205,000	\$ 313,800	\$ 1,518,800	11.44%
2026	1,230,000	284,250	1,514,250	22.85%
2027	1,080,000	254,150	1,334,150	32.90%
2028	1,110,000	228,200	1,338,200	42.98%
2029	1,140,000	200,675	1,340,675	53.08%
2030	1,180,000	171,575	1,351,575	63.26%
2031	980,000	139,700	1,119,700	71.69%
2032	500,000	112,775	612,775	76.31%
2033	510,000	97,775	607,775	80.89%
2034	525,000	81,200	606,200	85.45%
2035	535,000	62,825	597,825	89.96%
2036	555,000	44,100	599,100	94.47%
2037	570,000	24,675	594,675	98.95%
2038	135,000	4,725	139,725	100.00%
Totals:	\$ 11,255,000	\$ 2,020,425	\$ 13,275,425	

Cash Flow Borrowings

The School District, historically, does not issue Tax Anticipation Notes or Revenue Anticipation Notes. There are no current plans to issue either Tax or Revenue Anticipation Notes.

Status of Short-Term Indebtedness

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

Other Obligations

<u>Type</u>	<u>Year End Date</u>	<u>Amount Outstanding</u>
Bus Acquisition -Lease #5	6/30/2025	\$48,021
Bus Acquisition -Lease #6	6/30/2025	33,404
Bus Acquisition - Lease #7	6/30/2026	51,505
Bus Acquisition - Lease #8	6/30/2027	71,342
Bus Acquisition - Lease #9	6/30/2028	131,655
Bus Acquisition - Lease #10	6/30/2028	122,562
Bus Acquisition - Lease #11	10/25/2028	120,126
Bus Acquisition - Lease #12	10/25/2028	130,102

Capital Project Plans

The District voters approved a \$4,530,000 Capital Project on December 10, 2024. The project consists of the partial reconstruction, renovation and the construction of improvements and upgrades to various District buildings and facilities and the sites there of, the purchase of original furnishings, equipment, machinery and apparatus required in connection the purposes for which such buildings, facilities and sites are used, and all ancillary or related work required in connection therewith, including preliminary costs and costs incidental thereto in connection with the financing thereof. This will be the first borrowing against said authorization and will provide \$2,600,000 in new money.

On May 20, 2025, the District voters approved a \$2,375,000 Capital Project with 170 yes to 15 no votes. The project will consist of reconstruction, rehabilitation and renovation, in part, and the construction of improvements and upgrades to various buildings and facilities.

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 65.1%.

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 June 6, 2025

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
East Otto	\$ 9,624,373	100.00%	\$ 9,624,373
Ellicottville	611,563,282	54.50%	1,122,134,462
Franklinville	7,274,198	100.00%	7,274,198
Great Valley	140,710,444	63.00%	223,349,911
Humphrey	37,162,291	63.00%	58,987,763
Mansfield	121,654,551	82.00%	148,359,209
			<hr style="border-top: 1px solid black;"/> \$ 1,569,729,917
Debt Limit: 10% of Full Valuation			\$ 156,972,992
Inclusions:			
Serial Bonds			\$ 11,255,000
Bond Anticipation Notes			-
Total Inclusions:			<hr style="border-top: 1px solid black;"/> \$ 11,255,000
Exclusions:			
Building Aid Estimate ¹			<hr style="border-top: 1px solid black;"/> \$0
Total Exclusions:			<hr style="border-top: 1px solid black;"/> \$0
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 11,255,000
New Monies This Issue:			<hr style="border-top: 1px solid black;"/> 2,600,000
Total Net After Giving Effect Indebtedness			<hr style="border-top: 1px solid black;"/> \$ 13,855,000
Net Debt Contracting Margin			\$ 143,117,992
Percentage of Debt-Contracting Power Exhausted			8.83%

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>
Cattaraugus County	\$ 1,569,729,917 \$ 5,498,650,866	28.55%	\$ 46,501,323	N/A	\$ 46,501,323	\$ 13,274,987
Town of East Otto	\$ 9,624,373 \$ 109,709,375	8.77%	-	N/A	-	-
Town of Ellicottville	\$ 1,122,134,462 \$ 1,122,134,462	100.00%	3,457,634	N/A	3,457,634	3,457,634
Town of Franklinville	\$ 7,274,198 \$ 164,403,334	4.42%	463,340	N/A	463,340	20,501
Town of Great Valley	\$ 223,349,911 \$ 230,073,712	97.08%	9,182	N/A	9,182	8,914
Town of Humphrey	\$ 58,987,763 \$ 115,839,278	50.92%	-	N/A	-	-
Town of Mansfield	\$ 148,359,209 \$ 171,258,413	86.63%	-	N/A	-	-
Village of Ellicottville	\$ 143,519,252 \$ 143,519,252	100.00%	3,430,357	N/A	3,430,357	3,430,357
Total						<u>\$ 20,192,392</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 June 6, 2025:

	Amount	Per Capita ^(a)	Percentage of Full Value ^(b)
Net Indebtedness	\$ 13,855,000	\$ 4,452.12	0.883%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 34,047,392	\$ 10,940.68	2.169%

(a) The District's estimated population is 3,112 (Source: 2023 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2024-25 is \$1,569,729,917

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, 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, the validity of such tariffs have been challenged in federal court, but 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.

The District is, in all material respects, in compliance with all prior undertakings pursuant to Rule 15c2-12 for the past five years.

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.

BOND RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District.

The most recent underlying rating assigned to the School District by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, is an A rating, which was assigned in connection with the issuance by the School District of \$7,765,000 School District (Serial) Bonds dated May 26, 2022.

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: Aimee Kilby, Business Executive & Treasurer, phone: (716) 699-2318 x1302; email: akilby@ecsny.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.

Ellicottville Central School District

Dated: June 12, 2025
Ellicottville, New York

Debra Golley
President of the Board of Education

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Budget <u>2025</u>
Beginning Fund Balance - July 1	\$1,697,254	\$2,273,041	\$2,590,330	\$2,781,099	\$2,789,325	\$2,925,281 ^E
<u>Revenues:</u>						
Real Property Taxes	\$7,738,332	\$8,113,542	\$8,265,294	\$8,868,962	\$9,334,679	\$9,361,809
Other Tax Items	0	0	0	0	0	247,000
Charges for Services	43,589	85,429	89,812	70,655	50,993	51,000
Use of Money & Property	124,352	126,172	95,481	116,585	181,129	94,500
Sale of Property/Comp. for Loss	2,888	0	478	16,256	332	3,000
Miscellaneous	129,374	172,359	124,872	185,979	205,721	135,000
State Aid	4,403,182	3,941,444	4,156,130	4,672,404	4,904,249	5,046,143
Federal Aid	146,285	159,608	221,039	164,872	182,361	100,000
Interfund Transfer	<u>0</u>	<u>0</u>	<u>505,245</u>	<u>281,337</u>	<u>413,095</u>	<u>0</u>
Total Revenues	\$12,588,002	\$12,598,554	\$13,458,351	\$14,377,050	\$15,272,559	\$15,038,452
<u>Expenditures:</u>						
General Support	\$1,602,111	\$1,692,429	\$1,748,994	\$1,821,623	\$2,016,650	\$2,118,366
Instruction	6,319,206	6,515,343	6,975,921	7,358,744	7,508,845	8,234,574
Transportation	588,069	678,885	688,842	810,870	896,234	791,373
Community Services	0	65,000	65,000	65,000	75,000	0
Employee Benefits	2,082,419	2,175,708	2,227,970	2,524,632	2,807,816	3,000,339
Debt Service	1,395,410	1,153,900	1,560,855	1,787,497	1,758,345	1,518,800
Interfund Transfer	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>458</u>	<u>73,713</u>	<u>0</u>
Total Expenditures	\$12,012,215	\$12,281,265	\$13,267,582	\$14,368,824	\$15,136,603	\$15,663,452
Adjustments	0	0	0	0	0	0
Year End Fund Balance	\$2,273,041	\$2,590,330	\$2,781,099	\$2,789,325	\$2,925,281	\$2,300,281 ^E
Excess (Deficit) Revenues Over Expenditures	\$575,787	\$317,289	\$190,769	\$8,226	\$135,956	(\$625,000) ¹

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

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

E. Estimated

General Fund – Budget Summary

2025-26 Proposed Budget

Revenues:

Real Property Taxes	\$9,979,876
Other Tax Items	249,000
Charges for Services	46,000
Use of Money & Property	94,500
Sale of Property/Comp. for Loss	2,000
Miscellaneous	125,000
State Aid	5,160,322
Federal Aid	100,000
Appropriated Fund Balance	555,000
Total Revenues	<u>\$16,311,698</u>

Expenditures:

General Support	\$2,334,034
Instruction	8,390,479
Transportation	850,203
Employee Benefits	3,098,982
Debt Service	1,638,000
Total Expenditures	<u>\$16,311,698</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	\$614,949	\$941,230	\$1,367,804	\$866,340	\$1,487,168
Restricted Cash	628,501	993,964	1,196,562	1,165,992	1,252,641
Restricted Investments	0	0	0	0	0
Other Receivables	465	311	831	487	1,710
Due from Other Funds	788,769	892,563	666,289	742,734	600,031
Due from State & Federal	325,072	400,068	305,417	731,684	364,287
Due from Other Governments	472,398	0	3,025	29,827	160
Other Assets	<u>0</u>	<u>103</u>	<u>103</u>	<u>103</u>	<u>103</u>
Total Assets	<u>\$2,830,154</u>	<u>\$3,228,239</u>	<u>\$3,540,031</u>	<u>\$3,537,167</u>	<u>\$3,706,100</u>
Liabilities:					
Accounts Payable	\$8,355	\$0	\$0	\$61,671	\$52,410
Accrued Liabilities	49,111	101,298	97,588	75,251	84,103
Due to Other Funds	12,335	12,678	106,295	12,624	40,646
Due to Other Governments	0	0	0	0	0
Due to State Teachers Retirement System	441,201	470,145	519,098	556,398	543,393
Due to Employees' Retirement System	46,111	50,101	35,951	41,898	60,267
Unearned Revenue	<u>0</u>	<u>3687</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities:	<u>\$557,113</u>	<u>\$637,909</u>	<u>\$758,932</u>	<u>\$747,842</u>	<u>\$780,819</u>
Fund Balances:					
Restricted	628,501	993,964	1,196,562	1,165,992	1,252,641
Assigned:	576,516	572,688	717,563	609,277	625,297
Unassigned					
Unappropriated Fund Balance	<u>1,068,024</u>	<u>1,023,678</u>	<u>866,974</u>	<u>1,014,056</u>	<u>1,047,343</u>
Total Fund Balance	<u>\$2,273,041</u>	<u>\$2,590,330</u>	<u>\$2,781,099</u>	<u>\$2,789,325</u>	<u>\$2,925,281</u>
Total Liabilities and Fund Balance	<u>\$2,830,154</u>	<u>\$3,228,239</u>	<u>\$3,540,031</u>	<u>\$3,537,167</u>	<u>\$3,706,100</u>

Source: Audited Annual 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.

ELLICOTTVILLE CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

ELLICOTTVILLE CENTRAL SCHOOL DISTRICT

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants • Business Advisors

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the *Ellicottville Central School District* as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the *Ellicottville 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.

Report on Summarized Comparative Information

We have previously audited the *Ellicottville Central School District's* June 30, 2023 financial statements, and our report dated September 26, 2023, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the *Ellicottville 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.

**Member of American Institute of Certified Public Accountants
Private Companies Practice Section**

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-10) and budgetary comparison information (pages 37-38) schedule of changes in District's net OPEB liability and related ratios (page 44), schedule of District contributions – OPEB (page 45), schedule of the District contributions for defined benefit pension plans (page 46) and the schedule of the District's proportionate share of the net pension asset/liability (page 47) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Ellicottville Central School District's** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2024, on our consideration of the ***Ellicottville 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 ***Ellicottville 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 ***Ellicottville Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2024**

I. Discussion and Analysis

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

II. Financial Highlights

The following items are the financial highlights experienced by the *Ellicottville Central School District* during the fiscal year ended June 30, 2024:

- Overall net position from operations of the District increased during the current year in the amount of \$321,000 as compared to an increase of \$304,000 during the prior fiscal year.
- The District's total revenue increased approximately 5% from \$15,373,000 during June 30, 2023 to \$16,170,000 during June 30, 2024. This increase was primarily the result of an increase in real property taxes and state aid.
- The District's total expenses increased approximately 5% from \$15,069,000 during the year ended June 30, 2023 to \$15,849,000 during the year ended June 30, 2024. This increase was primarily the result of increases in salaries, health insurance costs, contractual expenses and BOCES expenses, along with increases in pension expense related to actuarial updates.
- The District had capital outlays during the current year in the amount of approximately \$587,000, which primarily related to construction costs associated with an \$8.4 million renovation project, capital outlay project and right-to-use assets, including buses and technology equipment.

III. 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 *Ellicottville Central School District*.

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

A. Reporting the School District as a Whole (District-wide Financial 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. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 11) shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

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

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

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

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

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

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

The District has two kinds of funds:

1. Governmental Funds

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

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

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

1. Governmental Funds (continued)

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

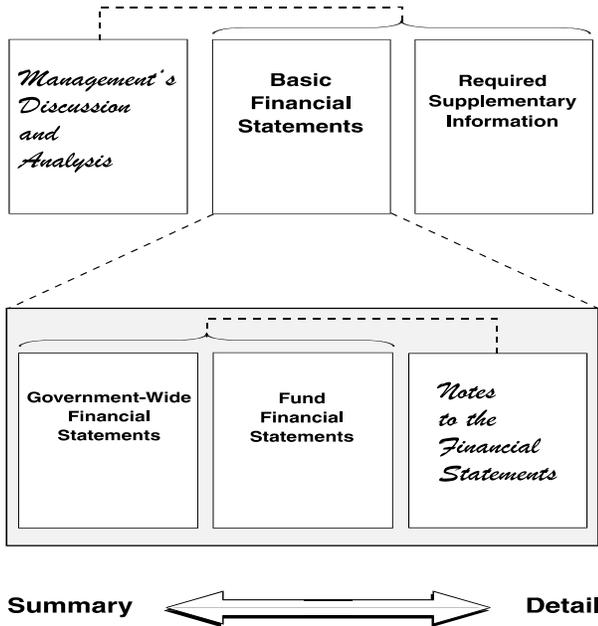
2. Fiduciary Funds

The District does not have activities that qualify for reporting as a fiduciary fund.

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

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

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



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

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 5% to \$15,849,000. The District's expenses cover a range of services, with 73% related to instruction and 15% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 5%, while total expenses increased 5%. The District's total net position increased approximately \$321,000 from operations during the fiscal year ended June 30, 2024.

Figure A-5 presents the major sources of revenue of the District. Revenue of the District totaled \$16,170,000 for the fiscal year ended June 30, 2024. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$14,290,000. The components of net position include: net investment in capital assets, of \$10,068,000; restricted net position of \$1,682,000; and unrestricted net position of \$2,540,000 as of June 30, 2024.

Changes in Net Position

The District's total government-wide revenue increased by approximately 5% to \$16,170,000. Approximately 58%, 7% and 30% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 5% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

- Property tax revenue, which represents approximately 58% of the District's total revenue for governmental activities, increased approximately 5% during the year ended June 30, 2024. This increase primarily resulted from an increase in the property tax levy during the year ended June 30, 2024.
- The District's most significant revenue is state sources which represent \$4,904,000 or 30% of total governmental revenue. The District's state sources increased approximately 5% which was primarily related to an increase in state aid.
- During the year ended June 30, 2024, the District saw an increase in program revenue which mostly resulted from an increase in operating grants in the amount of \$63,000, which was partially offset by a decrease in charges for services of \$47,000. During the current year, the District transitioned to the Community Eligibility Provision (CEP) program whereby all students received free meals which were 100% reimbursed by the Federal and State government. In the prior year, this option was unavailable and the District operated under a traditional model, whereby meals were reimbursed through free, reduced or paid meals. This change resulted in additional meals served and resulted in an increase in Federal and State reimbursement. This increase was partially offset by a decrease in Pandemic related grant funding.

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

Expenses

Figure A-8 presents the cost of each of the District's largest expenditure-types, which include; general support, instruction, transportation and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$15,849,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$264,000 or 12% which was primarily due to an increase in pension expenses related to actuarial updates, along with increases in salaries, health insurance costs, contractual expenses and BOCES expenses.
- The District's instruction costs increased by approximately \$409,000 or 4% which was primarily related to an increase in salaries, health insurance costs and BOCES expenses, along with an increase in pension expenses related to actuarial updates.
- Debt service of the District decreased approximately \$33,000 during the year ended June 30, 2024, which primarily resulted from a decrease in interest expense.
- Transportation costs of the District increased \$69,000 during the year ended June 30, 2024 primarily related to increases in salaries, health insurance costs and depreciation expense.
- The District's cost of sales (food service fund) totaled \$403,000 during the current year as compared to \$342,000 during the fiscal year ended June 30, 2023. This increase was related to higher food costs due to additional meals served and an increase in salaries and benefits.
- The District received approximately \$1,249,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$14.6 million) were financed by state aid and real property taxes.

Figure A-3 – Condensed Statement of Net Position

*Ellicottville Central School District
Condensed Statement of Net Position (in thousands of dollars)*

	Governmental Activities and Total District-wide		
	2024	2023	% Change
Assets			
Current and other assets	\$ 4,420	\$ 4,454	-1%
Capital assets and right-to-use assets	21,956	22,267	-1%
Total assets	26,376	26,721	-1%
Deferred outflows of resources			
Deferred outflows related to pensions and OPEB	2,840	3,679	-23%
Deferred outflows of resources and assets	\$ 29,216	\$ 30,400	-4%
Liabilities			
Other liabilities	\$ 775	\$ 928	-17%
Long-term liabilities	13,616	15,131	-10%
Total liabilities	14,391	16,059	-10%
Deferred inflows of resources			
Deferred inflows related to pensions and OPEB	535	371	44%
Deferred inflows of resources and liabilities	14,926	16,430	-9%
Net position			
Net investment in capital assets and right-to-use assets	10,068	9,435	7%
Restricted	1,682	1,579	6%
Unrestricted	2,540	2,956	-14%
Total net position	14,290	13,969	2%
Total liabilities, deferred inflows of resources, and net position	\$ 29,216	\$ 30,400	-4%

Figure A-4 – Changes in Net Position

*Ellicottville Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)*

	Governmental Activities and Total District-wide		
	2024	2023	% Change
Revenue			
Program revenue			
Charges for services	\$ 126	\$ 173	-27%
Operating grants and contributions	1,123	1,060	6%
General revenue			
Real property taxes	9,335	8,869	5%
Use of money & property	193	122	58%
Sale of property & comp for loss	1	17	n/a
State sources	4,904	4,674	5%
Federal sources	182	165	11%
Miscellaneous	306	293	5%
Total revenue	16,170	15,373	5%
Expenses			
General support	2,453	2,189	12%
Instruction	11,524	11,115	4%
Transportation	1,038	969	7%
Community services	75	65	100%
Debt service - interest	356	389	-8%
Cost of sales	403	342	18%
Total expenses	15,849	15,069	5%
Change in net position	\$ 321	\$ 304	

Figure A-5 – Sources of Revenue

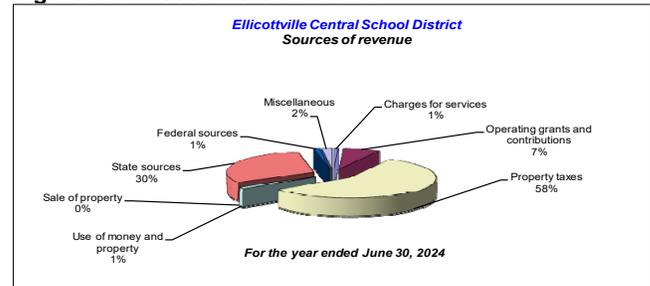


Figure A-6 - Expenses

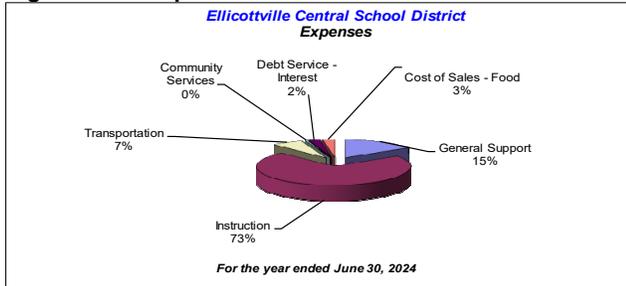


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District	
	2024	2023
Expenditures supported with general revenue (from taxes & other sources)	\$ 14,600 92%	\$ 13,836 92%
Expenditures supported with program revenue	1,249 8%	1,233 8%
Total expenditures related to governmental activities	\$ 15,849 100%	\$ 15,069 100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2024	2023	Change	2024	2023	Change
General support	\$ 2,453	\$ 2,189	\$ 264	\$ 2,453	\$ 2,189	\$ 264
Instruction	11,524	11,115	409	10,693	10,233	460
Transportation	1,038	969	69	1,038	969	69
Community Services	75	65	10	75	65	10
Debt service - interest	356	389	(33)	356	389	(33)
Cost of sales - food	403	342	61	(15)	(9)	(6)
Total	\$ 15,849	\$ 15,069	\$ 780	\$ 14,600	\$ 13,836	\$ 764

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term Debt liabilities for the funds' projects and capital assets purchased by the funds.

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

Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund revenue and other sources and exceeded its expenditures other uses by approximately \$136,000.
- The District's general fund unassigned fund balance equated to approximately \$1,047,000 as of June 30, 2024.
- The District established many fund balance reserves during the year ended June 30, 2024, and had a total restricted fund balance approximated \$1,253,000.
- The District's total assets increased approximately \$169,000 as of June 30, 2024 primarily as a result of an increase in cash, partially offset by a decrease in due from Federal and State governments. The District's liabilities increased approximately \$33,000, as a result of an increase in due to other funds.
- Total revenue in the District's general fund increased \$895,000, which was primarily related to increases in property taxes and state aid. Total expenditures in the District's general fund increased \$767,000 primarily as a result of increases in salaries, health insurance costs and BOCES expenditures.

Food Service Fund

- The District's food service fund experienced a \$17,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$419,000 during 2024 as compared with \$351,000 in 2023. This increase was primarily related to an increase Federal and State reimbursement of meals. Expenditures increased by \$55,000 compared to the prior year resulting from an increase in salaries and benefits and higher food costs. During the current year, the District transitioned to the Community Eligibility Provision (CEP) program, whereby all students receive free meals. The District experienced additional meals served which resulted in an increase in revenue and expenditures.

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately \$32,000 or 4% which was primarily related to a decrease in the District's Pandemic related grants.

Capital Projects Fund

- The District had expenditures in the amount of \$130,000 in capital projects during the year ended June 30, 2024, which was primarily related construction costs associated with the District's \$8.4 million capital improvement project and capital outlay project.

**ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Miscellaneous Special Revenue

- The District had revenues and expenditures in the amount of \$101,000 and \$90,000, respectively, in the miscellaneous special revenue fund during the year ended June 30, 2024, which was related to extraclassroom activities and scholarships.

VI. General Fund Budgetary Highlights

Over the course of the year, the District makes many budget transfers, which is the common method utilized to manage the budget throughout the year. Actual expenditures were approximately \$308,000 below the revised budget. The most significant positive variances were in the area of instruction, general support, and employee benefits which totaled \$167,000, \$53,000 and \$51,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$437,000 above the final budgeted amount. Significant variances of revenue items consisted of State and local sources which were \$179,000 and \$163,000, respectively, above that budgeted.

Figure A-9 – Budget vs. Actual Comparison

<i>Ellicottville Central School District</i>				
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 9,611	\$ 9,774	\$ 163	2%
State sources	4,725	4,904	179	4%
Federal sources	100	182	82	82%
Other sources	400	413	13	3%
Total revenue	\$ 14,836	\$ 15,273	\$ 437	3%
Expenditures				
General support	\$ 2,069	\$ 2,017	\$ 53	3%
Instruction	7,676	7,509	167	2%
Transportation	934	896	38	4%
Community services	75	75	-	0%
Employee benefits	2,859	2,808	51	2%
Debt service	1,758	1,758	-	0%
Operating transfers	74	74	-	n/a
Total expenditures	\$ 15,445	\$ 15,137	\$ 308	2%

VII. Capital Assets and Debt Administration

Capital Assets and Right-to-Use Assets

As depicted in Figure A-10, as of June 30, 2024, the District had invested approximately \$21,956,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles, computer equipment, and other equipment, along with right-to-use assets.

**VII. Capital Assets and Debt Administration
(continued)**

Capital Assets and Right-to-Use Assets (Continued)

Capital additions made during the year ended June 30, 2024, totaled approximately \$587,000 and consisted primarily of the costs associated with the District's \$8.4 million capital improvement project, a capital outlay project and right-to-use assets, including buses and technology. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2024, the District had approximately \$13,616,000 in bonds, leases, other post-employment benefits, net pension liability and compensated absences, a decrease of approximately \$1,516,000 as compared with the previous year. The decrease in bonds payable was the result of regularly scheduled principal payments. The net pension liability related to TRS and ERS decreased as of June 30, 2024, as a result of actuarial updates. Also, the District had an increase in other post-employment benefits as a result of an actuarial update.

Figure A-10 – Capital Assets

<i>Ellicottville Central School District</i>			
<i>Capital and Right-to-Use Assets (net of depreciation/amortization)</i>			
	Governmental Activities & Total District-wide		
	2024	2023	Change
Land	\$ 5,151	\$ 5,151	0%
Buildings	31,645,590	30,972,698	2%
Construction in progress	-	542,997	-100%
Equipment	3,290,467	3,071,764	7%
Accumulated depreciation/amortization	(12,985,277)	(12,325,536)	5%
Total capital and right-to-use assets, net	\$ 21,955,931	\$ 22,267,074	-1%

Figure A-11 – Outstanding Long-term Debt

<i>Ellicottville Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2024	2023	Change
Bonds payable	\$ 11,255,000	\$ 12,435,000	-9%
Lease payable	683,673	504,456	36%
Net pension liability - TRS	312,715	537,127	-42%
Net pension liability - ERS	544,210	876,086	-38%
Other post-employment benefits	369,437	349,996	6%
Compensated absences	450,907	429,427	5%
Total Long-Term Debt	\$ 13,615,942	\$ 15,132,092	-10%

VIII. Factors Bearing on the District's Future

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

- The District is uncertain as to the level of state aid in the upcoming years as it moves out of the Pandemic.
- The 2024-25 New York State budget calls for the Rockefeller Institute to conduct a study to assess the State's Foundation Aid educational funding formula. Modifications to the formula could have an impact on future state aid that is distributed to the District.

IX. Contacting the District's Financial Management

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

Ellicottville Central School District
Attention: Ms. Aimee Kilby
Business Manager
5873 Route 219
Ellicottville, New York 14731

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

Schedule 1

Page 11

	<u>2024</u>	<u>2023</u>
Assets		
Cash and Short-Term Investments		
Unrestricted	\$ 2,047,428	\$ 1,652,827
Restricted cash and short-term investments	1,681,556	1,578,945
Receivables		
State and federal aid	634,437	1,079,507
Other receivables	1,710	487
Due from other governments	160	29,827
Inventories	3,224	4,840
Cash to be used towards capital project	51,121	107,303
Other assets	103	103
Capital assets and right-to-use assets, net	21,955,931	22,267,074
Total assets	<u>26,375,670</u>	<u>26,720,913</u>
Deferred Outflows of Resources		
Deferred outflows related to OPEB	163,269	165,796
Deferred outflows related to pensions	2,677,138	3,513,223
Total assets and deferred outflows of resources	<u>\$ 29,216,077</u>	<u>\$ 30,399,932</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 65,507	\$ 233,174
Accrued liabilities	88,235	76,873
Accrued interest	13,000	14,000
Due to other governments	4,523	4,442
Due to retirement systems	603,660	598,296
Unearned revenue	-	643
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,205,000	1,180,000
Lease payable	245,346	197,457
Compensated absences	170,304	160,472
Portion due or payable after one year		
Bonds payable	10,050,000	11,255,000
Lease payable	438,327	306,999
Net pension liability - NYS Teachers' Retirement System	312,715	537,127
Net pension liability - NYS Employees' Retirement System	544,210	876,086
Other post-employment benefits	369,437	349,996
Compensated absences	280,603	268,955
Total liabilities	<u>14,390,867</u>	<u>16,059,520</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	505,584	332,236
Deferred inflows related to OPEB	29,548	38,677
Total liabilities and deferred inflows of resources	<u>14,925,999</u>	<u>16,430,433</u>
Net Position		
Net investment in capital assets and right-to-use assets	10,068,379	9,434,921
Restricted	1,681,556	1,578,945
Unrestricted	2,540,143	2,955,633
Total net position	<u>14,290,078</u>	<u>13,969,499</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 29,216,077</u>	<u>\$ 30,399,932</u>

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 2

Page 12

	Expenses	Indirect Expenses Allocation	Program Revenues		2024 Net (Expense) Revenue and Changes in Net Position	2023 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 2,343,153	\$ 109,489	\$ -	\$ -	\$ (2,452,642)	\$ (2,189,019)
Instruction	10,996,390	527,834	50,993	779,894	(10,693,337)	(10,233,233)
Pupil transportation	776,924	260,901	-	-	(1,037,825)	(968,615)
Community services	75,000	-	-	-	(75,000)	(65,000)
Debt service	356,430	-	-	-	(356,430)	(388,704)
Food service program	402,609	-	74,739	343,037	15,167	8,866
Depreciation/amortization	898,224	(898,224)	-	-	-	-
Total functions and programs	\$ 15,848,730	\$ -	\$ 125,732	\$ 1,122,931	(14,600,067)	(13,835,705)
General Revenues						
Real property taxes					9,334,679	8,868,962
Use of money and property					192,553	122,077
Sale of equipment and compensation for loss					332	16,256
Miscellaneous					306,472	294,279
State sources					4,904,249	4,673,584
Federal sources					182,361	164,872
Total general revenues					14,920,646	14,140,030
Change in net position					320,579	304,325
Net position - beginning of year					13,969,499	13,610,756
Prior period adjustment					-	54,418
Net position - end of year					\$ 14,290,078	\$ 13,969,499

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024

Schedule 3

Page 13

	Governmental Funds						2024	2023
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Assets								
Unrestricted cash	\$ 1,487,168	\$ 138,708	\$ 314,356	\$ -	\$ 51,268	\$ -	\$ 1,991,500	\$ 1,657,783
Restricted cash and short-term investments	1,252,641	-	-	369,365	-	166,599	1,788,605	1,681,292
Due from other funds	600,031	48,027	-	3,303	1,638	-	652,999	757,048
State and federal aid receivable	364,287	242,454	27,696	-	-	-	634,437	1,079,507
Other receivables	1,710	-	-	-	-	-	1,710	487
Due from other governments	160	-	-	-	-	-	160	29,827
Inventories	-	-	3,224	-	-	-	3,224	4,840
Other assets	103	-	-	-	-	-	103	103
Total assets	<u>\$ 3,706,100</u>	<u>\$ 429,189</u>	<u>\$ 345,276</u>	<u>\$ 372,668</u>	<u>\$ 52,906</u>	<u>\$ 166,599</u>	<u>\$ 5,072,738</u>	<u>\$ 5,210,887</u>
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 52,410	\$ 13,088	\$ 9	\$ -	\$ -	\$ -	\$ 65,507	\$ 233,174
Accrued liabilities	84,103	1,244	2,888	-	-	-	88,235	76,873
Due to other funds	40,646	414,857	186,005	9,706	1,785	-	652,999	757,048
Unearned revenue	-	-	-	-	-	-	-	643
Due to other governments	-	-	4,523	-	-	-	4,523	4,442
Due to Teachers' Retirement System	543,393	-	-	-	-	-	543,393	556,398
Due to Employees' Retirement System	60,267	-	-	-	-	-	60,267	41,898
Total liabilities	<u>780,819</u>	<u>429,189</u>	<u>193,425</u>	<u>9,706</u>	<u>1,785</u>	<u>-</u>	<u>1,414,924</u>	<u>1,670,476</u>
Fund Equity								
Nonspendable	-	-	3,224	-	-	-	3,224	4,840
Restricted	1,252,641	-	-	362,962	-	65,953	1,681,556	1,578,945
Committed	-	-	-	-	-	100,646	100,646	95,493
Assigned	625,297	-	148,627	-	51,121	-	825,045	847,077
Unassigned	1,047,343	-	-	-	-	-	1,047,343	1,014,056
Total fund equity	<u>2,925,281</u>	<u>-</u>	<u>151,851</u>	<u>362,962</u>	<u>51,121</u>	<u>166,599</u>	<u>3,657,814</u>	<u>3,540,411</u>
Total liabilities and fund equity	<u>\$ 3,706,100</u>	<u>\$ 429,189</u>	<u>\$ 345,276</u>	<u>\$ 372,668</u>	<u>\$ 52,906</u>	<u>\$ 166,599</u>	<u>\$ 5,072,738</u>	<u>\$ 5,210,887</u>

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 4

Page 14

	Governmental Funds						2024	2023
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue								
Real property taxes	\$ 9,334,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,334,679	\$ 8,868,962
Charges for services	50,993	-	-	-	-	-	50,993	70,655
Use of money and property	181,129	-	1,347	9,585	-	492	192,553	122,077
Sale of property compensation for loss	332	-	-	-	-	-	332	16,256
Miscellaneous	205,721	-	341	-	-	100,751	306,813	294,765
State sources	4,904,249	125,285	95,002	-	-	-	5,124,536	4,752,341
Federal sources	182,361	654,609	219,519	-	-	-	1,056,489	1,116,621
Surplus food	-	-	28,516	-	-	-	28,516	29,814
Sales (school food service)	-	-	74,398	-	-	-	74,398	102,088
Total revenue	14,859,464	779,894	419,123	9,585	-	101,243	16,169,309	15,373,579
Expenditures								
General support	2,016,650	-	161,019	-	-	-	2,177,669	1,964,006
Instruction	7,508,845	766,931	-	-	-	89,713	8,365,489	8,233,209
Pupil transportation	896,234	-	-	-	-	-	896,234	810,870
Community services	75,000	-	-	-	-	-	75,000	65,000
Employee benefits	2,807,816	-	37,647	-	-	-	2,845,463	2,548,408
Debt service								
Principal	1,400,915	-	-	-	-	-	1,400,915	1,397,794
Interest	357,430	-	-	-	-	-	357,430	389,703
Capital outlay	-	-	-	-	129,895	-	129,895	751,257
Cost of sales	-	-	189,998	-	-	-	189,998	165,994
Other expenses	-	-	13,945	-	-	-	13,945	16,311
Total expenditures	15,062,890	766,931	402,609	-	129,895	89,713	16,452,038	16,342,552
Excess (deficiency) of revenue over expenditures	(203,426)	12,963	16,514	9,585	(129,895)	11,530	(282,729)	(968,973)
Other sources and uses								
Proceeds from the issuance of leases	400,132	-	-	-	-	-	400,132	233,171
Operating transfers in	12,963	-	-	-	73,713	-	86,676	48,624
Operating transfers out	(73,713)	(12,963)	-	-	-	-	(86,676)	(48,624)
Total other sources (uses)	339,382	(12,963)	-	-	73,713	-	400,132	233,171
Excess (deficiency) of revenue and other sources over expenditures and other uses	135,956	-	16,514	9,585	(56,182)	11,530	117,403	(735,802)
Fund equity, beginning of year	2,789,325	-	135,337	353,377	107,303	155,069	3,540,411	4,221,795
Prior period adjustment	-	-	-	-	-	-	-	54,418
Fund equity, end of year	\$ 2,925,281	\$ -	\$ 151,851	\$ 362,962	\$ 51,121	\$ 166,599	\$ 3,657,814	\$ 3,540,411

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

**ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
 RECONCILIATION OF GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 AS OF JUNE 30, 2024**

Total fund balances - governmental funds		\$ 3,657,814
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets and right-to-use assets consist of the following at year-end:</p>		
Cost of the assets	\$ 34,941,208	
Accumulated depreciation/amortization	<u>(12,985,277)</u>	21,955,931
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(13,000)
Net deferred outflows (inflows) of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions.		2,171,554
Net deferred outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, OPEB expense is based on required contributions.		133,721
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable	(11,255,000)	
Lease payable	(683,673)	
Net pension liability - TRS	(312,715)	
Net pension liability - ERS	(544,210)	
Other post-employment benefits	(369,437)	
Compensated absences	<u>(450,907)</u>	(13,615,942)
Total net position - governmental activities		<u>\$ 14,290,078</u>

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash and short-term investments	\$ 3,780,105	\$ -	\$ -	\$ (51,121)	\$ 3,728,984
Due from other funds	652,999	-	-	(652,999)	-
State and federal aid receivable	634,437	-	-	-	634,437
Other receivables	1,710	-	-	-	1,710
Due from other governments	160	-	-	-	160
Inventories	3,224	-	-	-	3,224
Capital assets and right-to-use assets, net	-	21,955,931	-	-	21,955,931
Cash to be used towards capital project	-	-	-	51,121	51,121
Other assets	103	-	-	-	103
Total assets	5,072,738	21,955,931	-	(652,999)	26,375,670
Deferred Outflows of Resources					
Deferred outflows related to pensions and OPEB	-	2,840,407	-	-	2,840,407
Total assets and deferred outflows of resources	\$ 5,072,738	\$ 24,796,338	\$ -	\$ (652,999)	\$ 29,216,077
Liabilities, Deferred Inflows of Resources and Fund Equity					
Liabilities					
Accounts payable	\$ 65,507	\$ -	\$ -	\$ -	\$ 65,507
Accrued liabilities	88,235	-	-	-	88,235
Accrued interest	-	-	13,000	-	13,000
Due to other funds	652,999	-	-	(652,999)	-
Due to other governments	4,523	-	-	-	4,523
Due to retirement systems	603,660	-	-	-	603,660
Bonds payable	-	-	11,255,000	-	11,255,000
Lease payable	-	-	683,673	-	683,673
Net pension liability - TRS	-	-	312,715	-	312,715
Net pension liability - ERS	-	-	544,210	-	544,210
Other post-employment benefits	-	-	369,437	-	369,437
Compensated absences	-	-	450,907	-	450,907
Total liabilities	1,414,924	-	13,628,942	(652,999)	14,390,867
Deferred Inflows of Resources					
Deferred inflows related to pensions and OPEB	-	-	535,132	-	535,132
Total liabilities and deferred inflows of resources	1,414,924	-	14,164,074	(652,999)	14,925,999
Fund equity and net position					
	3,657,814	24,796,338	(14,164,074)	-	14,290,078
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 5,072,738	\$ 24,796,338	\$ -	\$ (652,999)	\$ 29,216,077

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Total net change in fund balances - governmental funds \$ 117,403

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. Activity for the current fiscal year ended was as follows:

Capital outlays	\$ 587,081	
Depreciation/amortization expense	<u>(898,224)</u>	(311,143)

Repayment of bond principal and bond anticipation notes is an expenditure the governmental funds but the repayment reduces long-term liabilities in the statement of net position. 1,400,915

Proceeds from long-term debt, including the refunding of bonds and leases, are recorded as revenue in governmental funds. However, in the statement of activities, proceeds from long-term debt as revenue. Rather, long-term debt is recorded as a liability in the statement of net position. (400,132)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 1,000

District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans. (453,145)

District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds, OPEB expense is based on the District's contribution to the OPEB plan. (12,839)

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used:
 Compensated absences (21,480)

Change in net position of governmental activities \$ 320,579

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 9,334,679	\$ -	\$ -	\$ -	\$ 9,334,679
Charges for services	50,993	-	-	(50,993)	-
Use of money and property	192,553	-	-	-	192,553
Sale of property compensation for loss	332	-	-	-	332
Miscellaneous	306,813	-	-	(341)	306,472
State sources	5,124,536	-	-	(220,287)	4,904,249
Federal sources	1,056,489	-	-	(874,128)	182,361
Surplus food	28,516	-	-	(28,516)	-
Sales (school food service)	74,398	-	-	(74,398)	-
Total revenue	16,169,309	-	-	(1,248,663)	14,920,646
Expenditures					
General support	2,177,669	96,408	-	178,565	2,452,642
Instruction	8,365,489	402,883	21,480	1,903,485	10,693,337
Pupil transportation	896,234	(58,253)	-	199,844	1,037,825
Community services	75,000	-	-	-	75,000
Employee benefits	2,845,463	-	465,984	(3,311,447)	-
Debt service	1,758,345	-	(1,401,915)	-	356,430
Capital outlay	129,895	(129,895)	-	-	-
Cost of sales	189,998	-	-	(205,165)	(15,167)
Other expenses	13,945	-	-	(13,945)	-
Total expenditures	16,452,038	311,143	(914,451)	(1,248,663)	14,600,067
Excess (deficiency) of revenue over expenditures	(282,729)	(311,143)	914,451	0	320,579
Other sources and uses					
Proceeds from the issuance of leases	400,132	-	(400,132)	-	-
Operating transfers in	86,676	-	-	(86,676)	-
Operating transfers out	(86,676)	-	-	86,676	-
Total other sources and uses	400,132	-	(400,132)	-	-
Net change for year	\$ 117,403	\$ (311,143)	\$ 514,319	\$ 0	\$ 320,579

**ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

A. Reporting Entity

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

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

1. The Extraclassroom Activity Funds

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

B. Joint Venture

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

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

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

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

During the year, the District was billed approximately \$2,611,000 for BOCES administration and program costs. The District's share of BOCES aid, rentals and refunds amounted to approximately \$731,000 for the year ended June 30, 2024. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

C. Basis of Presentation

1. District-wide Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. This fund is also utilized to account for the purchase of transportation vehicles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

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

Miscellaneous Special Revenue - is used to account for and report those revenues that are restricted (scholarships) and committed (extraclassroom) to expenditures for specified purposes.

Fiduciary Fund Types - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 does not have any activities that qualify for reporting as a fiduciary.

D. Measurement Focus and Basis of Accounting

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

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

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

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

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at actual cost and, estimated historical costs, based on an appraisal conducted by independent third-party professionals. Costs, as of September 2016, were estimated based on reverse trending techniques applied against the estimates of current replacement cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (continued)

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight-line	40 years
Land improvements	\$ 5,000	Straight-line	25-30 years
Furniture and equipment	\$ 5,000	Straight-line	5-20 years
Transportation vehicles	\$ 5,000	Straight-line	8 years

I. Due To/From Other Funds

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

J. Compensated Absences

Sick Leave Pay- certain of the District's employee groups have negotiated retirement incentive benefits payable based on accumulated unused sick days. Generally the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems.

The District has recorded an estimated liability in the District-wide financial statement amounting to \$450,907 to recognize the cost of the incentive benefits for those employees eligible to receive such a benefit. Payment of these benefits is dependent on many factors, therefore, the timing of future payments is not readily determinable. The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the District-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Unearned Revenue

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

L. Deferred Inflows and Outflows of Resources

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Deferred Inflows and Outflows of Resources (continued)

contributions to the pension systems not included in pension expense. The second item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

M. Post-Employment Benefits

In addition to the retirement benefits described in Note 3V, the District provides post-employment health insurance coverage to certain retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. The District recognizes the net cost of providing health insurance in the governmental funds when paid. The Statement of Net position reports the computed District liability at year-end and the Statement of Activities reports the net increase or decrease in the liability as expense.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

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

1. Inventory Reserve

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted

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

1. Unemployment Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either transferred to another reserve or the excess applied to the appropriations next fiscal year's budget. If the District elects to convert to tax basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is recorded in the General Fund.

2. Reserve for Retirement System Credits

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

3. Reserve for Employee Benefits

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

4. Debt Service Reserve

This reserve is used for the purpose of retiring the outstanding obligation upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

4. Debt Service Reserve (continued)

time of sale. Interest and earnings on outstanding obligations and remaining bond proceeds not utilized for the intended purpose are recorded in the Reserve for Debt Service. These monies must be used to pay the debt service of the obligations from which they originated. This reserve is accounted for in the Debt Service Fund.

5. Teachers' Retirement System Contribution Reserve Subfund

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

6. Capital Reserve

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

7. Transportation Reserve

This reserve represents funds allocated for future purchases of vehicles.

8. Endowment Scholarship Reserve

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

9. Workers Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures under Article 2 of the NYS Workers' Compensation Law and for payment of expenditures of administering this self-insurance program. This reserve is account for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

10. Reserve for Repairs

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

11. Reserve for Insurance

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law. The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the outstanding balance of the extraclassroom activities in the amount of \$100,646 as committed fund balance as of June 30, 2024.

D. Assigned

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned (continued)

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances as of June 30, 2024 totaled \$297.

2. Appropriated Fund Equity

General Fund - The amount of \$625,000 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2025 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

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

2. Government-wide Financial Statements

A. Net Investment in Capital Assets and Right-to-Use Assets

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

B. Restricted

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

C. Unrestricted

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

3. Order of Fund Balance Spending Policy

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

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

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the fiscal year ended June 30, 2024, the District had supplemental appropriations related to bus lease payments in the amount of \$62,275, issuance of new bus lease and technology related equipment lease in the amounts of \$319,154 and \$80,978, respectively, and transfer to the public library in the amount of \$75,000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgetary Procedures and Budgetary Accounting (continued)

2. Budget Basis for Accounting

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

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

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

P. Property Taxes

1. Calendar

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

2. Enforcement

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

Q. Interfund Transfers

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

R. Estimates

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

S. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

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

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

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

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

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. These categories are more fully explained below:

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

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

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

3. Long-term Debt Transaction Differences

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

4. Pension Differences

Pension 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 - DETAIL NOTES ON ALL FUNDS

I. Cash and investments

The *Ellicottville Central School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash and investments (continued)

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School Districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2024, the District's bank deposits were fully collateralized.

A. Deposits

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

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

Total financial institution (bank) balances at June 30, 2024 per the bank were approximately \$3,920,000. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$754,000	\$3,166,000	\$ -	\$3,920,000

B. Investments

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

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

Type	Interest Rates	Maturity Date	Market Value
Five Star Bank – Unemployment	4.0%	7/15/25	\$ 62,274
Five Star Bank – Repair Reserve	4.0%	6/03/25	125,665
			<u>\$ 187,939</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash and investments (continued)

B. Investments (continued)

These investments are held in the School District's name. As of June 30, 2024, the cost of the District's investments approximated market value. The market value of the investments as of June 30, 2024 is based on unadjusted quoted prices in active markets for identical assets and liabilities.

II. Interfund Transactions

Interfund balances and transactions as of and during the year ended June 30, 2024 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 600,031	\$ 40,646
Food Service Fund	-	186,005
Special Aid Fund	48,027	414,857
Debt Service Fund	3,303	9,706
Capital Fund	1,638	1,785
Total	<u>\$ 652,999</u>	<u>\$ 652,999</u>

	Interfund Revenue	Interfund Expenditures
Special Aid Fund	\$ -	\$ 12,963
Debt Service Fund	-	-
Capital Projects Fund	73,713	-
General Fund	12,963	73,713
Total	<u>\$ 86,676</u>	<u>\$ 86,676</u>

During the year ended June 30, 2024, \$12,963 from the special aid fund to the general fund related to reimbursing the general fund for prior year expenditures incurred related to a Pandemic related Federal grants. In addition, the District transferred \$73,713 from the general fund to the capital projects fund to related to the capital outlay project.

III. Receivables

Receivables at June 30, 2024 consisted of the following and management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Special Aid	State and Federal Aid	\$ 242,454
Food Service	State and Federal Aid	27,696
Food Service	Other Receivables	-
General	State and Federal Aid	364,287
General	Due from Other Governments	160
General	Other Receivables	1,710
Capital	State and Federal Aid	-
		<u>\$ 636,307</u>

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

IV. Capital Assets and Right-to-Use Assets

A. Capital Assets

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

	Beginning Balance 06/30/23	Net change	Ending Balance 06/30/24
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 5,151	\$ -	\$ 5,151
Construction-in-progress	542,997	(542,997)	-
Capital assets that are depreciated:			
Buildings and improvements	30,972,698	672,892	31,645,590
Furniture and equipment	1,769,955	19,350	1,789,305
Total depreciable historical cost	32,742,653	692,242	33,434,895
Less accumulated depreciation:			
Buildings and improvements	10,301,737	546,222	10,847,959
Furniture and equipment	1,307,691	60,236	1,367,927
Total accumulated depreciation	11,609,428	\$ 606,458	12,215,886
Total net book value	\$21,681,373		\$21,224,160

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

General support	\$ 109,489
Instruction	527,834
Pupil transportation	260,901
	<u>\$ 898,224</u>

B. Right-to-Use Assets

The District reported right-to-use assets net of amortization as of June 30, 2024 and 2023 in the amount of \$731,771 and \$585,701, respectively. More information related to the right-to-use assets is disclosed in Note 6.

C. Additions

The District had additions in the amount of \$587,081 related to the 2019 capital improvements project, a capital outlay project, and right-to-use technology equipment and buses.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities

A. Pension Plans

1. General Information

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

2. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS)

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

3. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Contributions (continued)

the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the NYS Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

<u>Year</u>	<u>TRS</u>	<u>ERS</u>
2024	\$ 510,000	\$ 181,000
2023	534,000	155,000
2022	486,000	198,000

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105. Since 1989, the TRS' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis.

Over the years, State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The District had no expenditures incurred or liability accrued related to the retirement incentive liabilities as of and for the year ended June 30, 2024.

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

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

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

Actuarial measurement date	ERS	TRS
	3/31/2024	6/30/2023
Net pension asset/(liability)	\$ (544,210)	\$ (312,715)
District's portion of the Plan's total net pension asset/(liability)	.0036961%	.027345%

For the year ended June 30, 2024, the District recognized pension expense of \$256,240 for ERS and \$893,193 for TRS. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability/asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, along with contributions subsequent to the measurement date, will be recognized in pension expense as follows:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 175,290	\$ 758,251	\$ 14,839	\$ 1,874
Changes of assumptions	205,754	673,266	-	146,735
Net difference between projected and actual earnings on pension plan investments	-	159,854	265,844	-
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	77,556	56,941	41,035	35,257
District's contributions subsequent to the measurement date	60,267	509,959	-	-
Total	\$ 518,867	\$ 2,158,271	\$ 321,718	\$ 183,866

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

Year ending:	ERS	TRS
	2025	\$ (80,719)
2026	118,594	(156,303)
2027	157,815	1,261,206
2028	(58,808)	96,175
2029	-	75,485
Thereafter	-	50,438

5. 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 liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement date	3/31/2024	6/30/2023
Actuarial valuation date	4/1/2023	6/30/2022
Interest rate	5.9%	6.95%
Salary scale	4.4% average	1.95% - 5.18%
	4/1/15 - 3/31/20	7/1/15 - 6/30/20
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.9%	2.4%

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

5. Actuarial Assumptions (continued)

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on generational basis.

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	ERS 3/31/24	Expected Rate of Return	TRS 6/30/23	Expected Rate of Return
Asset Type:				
Domestic equity	32%	4.00%	33%	6.80%
International equity	15%	6.65%	15%	7.70%
Global equity	-%	-%	4%	7.20%
Private equity	10%	7.25%	9%	10.10%
Real Estate	9%	4.60%	11%	6.30%
Opportunistic/ARS portfolio	3%	5.25%	-%	-%
Credit	4%	5.40%	-%	-%
Real assets	3%	5.79%	-%	-%
Domestic fixed income securities	-%	-%	16%	2.20%
Global fixed income securities	-%	-%	2%	1.60%
Real estate debt	-%	-%	6%	3.20%
Private debt	-%	-%	2%	6.00%
High-yield fixed income	-%	-%	1%	4.40%
Fixed Income	23%	1.50%	-%	-%
Cash	1%	.25%	1%	.30%
Total:	<u>100%</u>		<u>100%</u>	

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

6. Discount Rate

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

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer’s proportionate share of the net pension asset (liability)	\$ (1,711,053)	\$ (544,210)	\$ 430,345
TRs			
Employer’s proportionate share of the net pension asset (liability)	\$ (4,762,810)	\$ (312,715)	\$ 3,430,007

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

8. Pension Plan Fiduciary Net Position

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

Measurement date	(Dollars in Thousands)	
	ERS 3/31/2024	TRS 6/30/2023
Employers' total pension liability	\$ 240,696,851	\$ 138,365,122
Plan net position	\$ 225,972,801	\$ 137,221,537
Employers' net pension asset/(liability)	\$ (14,724,050)	\$ (1,143,585)
Ratio of plan net position to be Employers' total pension asset/(liability)	93.88%	99.20%

9. 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 June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$60,267.

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 \$543,393 (employer contribution \$509,959 and employee contributions of \$33,434).

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits

Plan Description

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

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees, retirees, or beneficiaries	17
currently receiving benefit payments	106
Active employees	<u>123</u>

Total OPEB Liability

The District's total OPEB liability of \$369,437 was measured as of July 1, 2023 for the fiscal year ending June 30, 2024.

The discount rate was based on Fidelity 20-Year Go Municipal Bond Index.

Mortality rates were based on the SOA Pub-2010 fully generational using Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2020-July 1, 2021.

Changes in the Total OPEB Liability

Service Costs	\$ 16,526
Interest	14,273
Differences between expected and actual experience	15,871
Changes in assumptions	8,220
Benefit payments	<u>(35,449)</u>
Net change in total OPEB liability	19,441
Net OPEB liability – beginning of year	<u>349,996</u>
Net OPEB liability – end of year	<u>\$ 369,437</u>

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation – 2.5%

Salary Increases

Years of Service	Non-Teachers	Teachers/ Administrators
0	8.80%	12.31%
10	4.18%	4.30%
20	3.30%	2.93%
30	3.30%	2.19%
40	3.30%	1.84%

Discount Rate – 4.13%

Healthcare Cost Trend Rates – 8.0% for 2024, decreasing 0.5% to 4.5% for 2028 and later.

Retirees' Share of Benefit-Related Costs – Retirees are required to pay the full premium rate.

Changes of assumptions and other inputs reflect a change in the discount rate from 4.09% in 2023 to 4.13% in 2024.

Sensitivity of the Total OPEB Liability to changes in the Discount

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% point lower (3.13%) or 1% point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	\$ 394,160	\$ 369,437	\$ 346,138

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Sensitivity of the Total OPEB Liability to changes in the Healthcare Trend Costs

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

	1% Decrease (7.0%- 3.5%)	Discount Rate (8.0%- 4.5%)	1% Increase (9.0%- 5.5%)
Total OPEB liability	\$ 333,034	\$ 369,437	\$ 411,857

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$49,010. 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	\$ 89,448	\$ 21,177
Changes of assumptions or other inputs	37,650	8,371
Benefits paid subsequent to measurement date	36,171	-
Total	\$ 163,269	\$ 29,548

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

Year ended:	Amount
2025	\$ 18,214
2026	16,383
2027	18,939
2028	22,853
2029	7,628
Thereafter	13,533
Total	\$ 97,550

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

There were no BANs outstanding as of June 30, 2024 or redeemed during the year ended June 30, 2024.

b. Short-Term Debt Interest

The District had \$0 of short-term interest for the year ended June 30, 2024.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt

a. Debt Limit

At June 30, 2024, the total indebtedness represents approximately 12% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets.

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2024 and 2023 are summarized as follows:

	<u>Balance</u> <u>June 30, 2024</u>	<u>Balance</u> <u>June 30, 2023</u>
2016 Serial Bonds	\$ 4,525,000	\$ 5,170,000
2022 Serial Bonds	6,730,000	7,265,000
Lease payable	683,673	504,456
Other post-employment benefits	369,437	349,996
Net pension liabilities		
TRS	312,715	537,127
ERS	544,210	876,086
Compensated absences	450,907	429,427
	<u>\$ 13,615,942</u>	<u>\$ 15,132,092</u>

During the year, the District made principal payments on its serial bonds in the amount of \$1,180,000. The net change in compensated absences was an increase of \$21,480 during the fiscal year ended June 30, 2024. The net change in other post-employment benefits was an increase of \$19,441 during the fiscal year ended June 30, 2024. The net pension liabilities for TRS and ERS decreased \$224,412 and \$331,876, respectively, during the fiscal year ended June 30, 2024. During the current year the District entered into new leases totaling \$400,132 and made payments on existing leases in the amount of \$220,915.

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity

1. The following is a summary of serial bonds indebtedness:

<u>Description of Issue</u>	<u>Outstanding at June 30, 2024</u>
Serial Bonds, issued in 2016 with a maturity date of 2031, bonds carry interest at 2%-2.5%.	\$ 4,525,000
Serial Bonds, issued in 2022 with a maturity date of 2038, bonds carry interest at 3%-3.5%.	6,730,000
	<u>\$ 11,255,000</u>

2. The following is a summary of maturing debt service requirements for serial bonds:

<u>Year</u>	<u>2016 Serial Bonds</u>	
	<u>Principal payments</u>	<u>Interest payments</u>
2025	\$ 660,000	\$ 99,025
2026	680,000	85,825
2027	645,000	72,225
2028	660,000	59,325
2029	680,000	45,300
2030-2031	1,200,000	42,375
Total	<u>\$ 4,525,000</u>	<u>\$ 404,075</u>

<u>Year</u>	<u>2022 Serial Bonds</u>	
	<u>Principal payments</u>	<u>Interest payments</u>
2025	\$ 545,000	\$ 214,775
2026	550,000	198,425
2027	435,000	181,925
2028	450,000	168,875
2029	460,000	155,375
2030-2034	2,495,000	556,650
2035-2038	1,795,000	136,325
Total	<u>\$ 6,730,000</u>	<u>\$ 1,612,350</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Long-Term Debt Interest

Interest expenditures for long-term debt are recognized on a cash basis, when amounts become due and payable. The District recognized \$357,430 of expenditures for long-term debt interest, including interest on leases, in the governmental fund financial statements during the fiscal year ended June 30, 2024.

D. Bus Leases

The District has entered into various bus leases. Each lease is structured over five years where the District has the option of making the final payment to buy the rights to the bus. The District has never exercised the option of purchasing a bus at the end of its lease term. Rather, the District turns the bus back in to the leasing company prior to the end of the term. The interest rates on the leases range from 2%-4%. The following is a schedule of future lease payments under various bus lease arrangements.

<u>Year Ending</u>	<u>Principal payments</u>	<u>Interest payments</u>
2025	\$ 192,666	\$ 10,676
2026	134,313	19,654
2027	101,450	14,099
2028	67,303	6,646
2029	49,291	2,709
Total	<u>\$ 545,023</u>	<u>\$ 53,784</u>

E. Right-to-Use Leases

The District has entered into various agreements for technology equipment with Erie 1 BOCES. The equipment is leased over 60 months and carry interest rates between 1%-5%. The following is a schedule of future lease payments under various lease arrangements.

<u>Year Ending</u>	<u>Principal payments</u>	<u>Interest payments</u>
2025	\$ 52,680	\$ 4,437
2026	40,044	2,871
2027	28,304	1,485
2028	17,622	416
Total	<u>\$ 138,650</u>	<u>\$ 9,209</u>

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity

A. District-wide Net Position

Net position of the District includes restricted net position of \$1,681,556 which represents restricted amounts in the general, debt service, and miscellaneous special revenue funds as presented above.

B. Fund Equity

The District's fund equity is comprised of various components.

<u>Category/Fund</u>	<u>Description</u>	<u>Balance June 30, 2024</u>
Nonspendable:		
Food Service	Inventory	\$ 3,224
Restricted:		
General	Reserve for employee benefits	\$ 278,054
	Employee retirement reserve	166,908
	Unemployment insurance reserve	62,778
	Transportation reserve	114,518
	Workers' Comp reserve	30,715
	TRS reserve	206,455
	Capital Reserve	267,548
	Reserve for repairs	125,665
		<u>\$ 1,252,641</u>
Miscellaneous Special Revenue	Scholarships	\$ 65,953
Debt Service	Reserve for debt service	\$ 362,962
Committed:		
Miscellaneous Special Revenue	Extraclassroom	\$ 100,646
Assigned:		
General	Reserve for encumbrances	\$ 297
	Appropriated fund balance	625,000
		<u>\$ 625,297</u>
Food Service	Fund equity	\$ 148,627
Capital Projects	Fund equity	\$ 51,121

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Risk Sharing Pools

For its employee health and accident coverage, *Ellicottville Central School District* is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 23 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage.

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

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

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies (continued)

C. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$346,000 as of June 30, 2024 for accumulating non-vesting sick leave.

D. Contingencies

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

NOTE 4 - CAPITAL PROJECTS

In December 2019, voters of the *Ellicottville Central School District* voted to approve a capital improvement project at a maximum cost of \$8,400,000 for the reconstruction and renovation of various District buildings and facilities. Total expenses incurred toward the project amounted to \$56,182, \$751,257, \$5,279,068 and \$1,910,562 during the years ended June 30, 2024, 2023, 2022 and June 30, 2021, respectively.

During the current year the District had a capital outlay project in the amount of \$73,713.

NOTE 5 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions. The District also provided free breakfast and lunches to all students (except those who opted out) through the Federal Seamless Summer program.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) was passed which provided additional assistance to school districts. The New York State Department of Education has allocated approximately \$287,000 of CRRSA assistance to the District. The District had expenditures related to the grant in the amount of \$0, \$71,994, \$215,182 and \$0 during the years ended June 30, 2024, 2023, 2022 and 2021, respectively.

NOTE 5 – COVID 19 PANDEMIC (continued)

Lastly, in March, 2021, the American Rescue Plan (ARP) was passed which provided further assistance to school districts. The New York State Department of Education has allocated approximately \$674,000 of ARP Assistance to the District. The District had expenditures related to the grant in the amount of \$275,302, \$246,131, \$136,580 and \$0 during the years ended June 30, 2024, 2023, 2022 and 2021, respectively.

NOTE 6 – RIGHT-TO-USE ASSETS/LEASES

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. To acquire the equipment and buses, the District issues installment purchase agreements (leases) and through one-time cash payment. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2024:

	Balance 7/1/2023	Additions
Right-to-use asset Accumulated	\$ 1,301,809	\$ 437,836
amortization	(716,108)	(291,766)
Right-to-use (lease)	(504,456)	(400,132)
	<u>\$ 81,245</u>	<u>\$ (254,062)</u>

	Deletions	Balance 6/30/2024
Right-to-use asset Accumulated	\$ (238,483)	\$ 1,501,162
amortization	238,483	(769,391)
Right-to-use (lease)	220,915	(683,673)
	<u>\$ 220,915</u>	<u>\$ 48,098</u>

NOTE 7 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2023, the District recorded a scholarship fund that is in the District's name and was previously not recorded on the financial statements. The effect of the adjustment was to increase miscellaneous special revenue fund equity and district-wide net position as of July 1, 2022 in the amount of \$54,418.

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 17, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items*	\$ 9,185,623	\$ 9,322,898	\$ 9,334,679	\$ 11,781
Real property tax items				-
Charges for services	56,000	56,000	50,993	(5,007)
Use of money and property	94,500	94,500	181,129	86,629
Sale of property and compensation for loss	3,000	3,000	332	(2,668)
Miscellaneous	135,000	135,000	205,721	70,721
State Sources:				
Basic formula	4,197,132	4,197,132	4,408,838	211,706
BOCES	489,719	489,719	456,433	(33,286)
Textbooks	27,611	27,611	19,030	(8,581)
All other aid	10,158	10,158	19,948	9,790
Federal Sources:				
Medicaid reimbursement	100,000	100,000	182,361	82,361
Total revenue	14,298,743	14,436,018	14,859,464	423,446
Other Sources				
Proceeds from issuance of leases	-	400,132	400,132	-
Operating transfer in	-	-	12,963	12,963
Total revenue	14,298,743	14,836,150	\$ 15,272,559	\$ 436,409
Appropriated fund equity, and carryover encumbrances	607,694	609,277		
Total revenue, and appropriated fund equity	\$ 14,906,437	\$ 15,445,427		

* Change of \$137,275 represents separate proposition approved by voters for bus lease payments (\$62,275) and library tax (\$75,000).

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 31,950	\$ 26,200	\$ 19,792	\$ -	\$ 6,408
Central administration	235,702	233,956	233,846	110	-
Finance	207,030	225,022	223,241	-	1,781
Staff	298,678	339,763	338,723	-	1,040
Central services	953,549	1,012,749	973,034	-	39,715
Special items	242,824	231,514	228,014	-	3,500
Instructional:					
Instruction, administration and improvement	508,390	566,029	550,623	-	15,406
Teaching - regular school	4,346,905	4,220,721	4,124,580	-	96,141
Programs for children with handicapping conditions	1,606,498	1,286,724	1,294,960	187	(8,423)
Teaching - special schools	3,420	7,160	7,160	-	-
Occupational education	394,726	394,726	394,726	-	-
Instructional media	368,009	432,625	413,714	-	18,911
Pupil services	707,471	768,655	723,082	-	45,573
Pupil Transportation	735,114	933,958	896,234	-	37,724
Community services	-	75,000	75,000	-	-
Employee Benefits	2,743,421	2,858,567	2,807,816	-	50,751
Debt Service:					
Debt service principal	1,180,000	1,400,915	1,400,915	-	-
Debt service interest	342,750	357,430	357,430	-	-
Total expenditures	14,906,437	15,371,714	15,062,890	297	308,527
Other Uses:					
Transfer to other funds	-	73,713	73,713	-	-
Total other uses	-	73,713	73,713	-	-
Total expenditures and other uses	\$ 14,906,437	\$ 15,445,427	15,136,603	\$ 297	\$ 308,527
Excess of revenue and other sources over expenditures and other uses			\$ 135,956		

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS1A

Page 38

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 7,000	\$ 95,002	\$ 88,002
Federal sources	247,500	219,519	(27,981)
Sales	99,796	74,398	(25,398)
Miscellaneous	500	341	(159)
Surplus food	12,950	28,516	15,566
Use of money and property	50	1,347	1,297
Total revenue	<u>367,796</u>	<u>419,123</u>	<u>51,327</u>
Expenditures			
General support	161,019	161,019	-
Employee benefits	37,847	37,647	200
Cost of sales	221,271	189,998	31,273
Other expenses	16,650	13,945	2,705
Total expenditures	<u>436,787</u>	<u>402,609</u>	<u>34,178</u>
Excess (deficiency) of revenue over expenditures	<u>\$ (68,991)</u>	16,514	<u>\$ 85,505</u>
Fund equity, beginning of year		<u>135,337</u>	
Fund equity, end of year		<u>\$ 151,851</u>	

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS2

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 14,906,437
Additions:	
Prior year encumbrances	1,583
Original Budget	14,908,020
Budget Revisions:	
Supplemental appropriation - transfer to public library	75,000
Supplemental appropriation - proceeds from issuance of bus and technology equipment leases	400,132
Supplemental appropriation - payment on new bus leases	62,275
Final budget	<u>\$ 15,445,427</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-25 voter-approved expenditure budget	\$ 15,633,452
Maximum allowed (4% of 2024-25 budget)	625,338

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

Unrestricted fund balance:	
Assigned fund balance	\$ 625,297
Unassigned fund balance	1,047,343
Total unrestricted fund balance	<u>1,672,640</u>
Less:	
Appropriated fund balance	625,000
Encumbrances included in committed and assigned fund balance	297
Total adjustments	<u>625,297</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 1,047,343</u>
Actual percentage	<u>6.7%</u>

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

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Overexpended) Balance	Methods of financing				Fund Balance June 30, 2024
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
Capital Improvements Project - 2019	\$ 8,400,000	\$ 8,400,000	\$ 8,293,331	\$ 56,182	\$ 8,349,513	\$ 50,487	\$ 7,765,000	\$ -	\$ 635,634	\$ 8,400,634	\$ 51,121
Capital Outlay Project	100,000	100,000	-	73,713	73,713	26,287	-	-	73,713	73,713	-
	<u>\$ 8,500,000</u>	<u>\$ 8,500,000</u>	<u>\$ 8,293,331</u>	<u>\$ 129,895</u>	<u>\$ 8,423,226</u>	<u>\$ 76,774</u>	<u>\$ 7,765,000</u>	<u>\$ -</u>	<u>\$ 709,347</u>	<u>\$ 8,474,347</u>	<u>\$ 51,121</u>

See accompanying independent auditor's report.

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS4A

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Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school	N/A	2024	N/A	\$ 74,671	\$ 74,671
Universal Pre-kindergarten	0409-24-7177	2024	\$ 50,614	50,614	50,614
School breakfast programs	N/A	2024	N/A	24,957	24,957
School lunch programs	N/A	2024	N/A	70,045	70,045
			<u>\$ 50,614</u>	<u>\$ 220,287</u>	<u>\$ 220,287</u>

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Ellicottville Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the 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 the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

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

Note 2 - Non-monetary Federal Program

The accompanying **Ellicottville Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2024, the District reported in the Schedule of Federal Awards \$28,516 of donated commodities at fair market value received and disbursed.

Note 3 - Indirect Costs

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year. Certain grants have an indirect cost rate below 10% as approved by the grantor.

Note 4 - Prior Year Expenditures

Included in the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) are expenditures that were incurred during the prior fiscal year ended June 30, 2023 in the amount of \$12,963.

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Direct Program:					
REAP Grant	84.358B	N/A	\$ 44,845	\$ 44,845	\$ 44,845
Passed through NYS Department of Education:					
Title I	84.010A	0021-24-0220	147,713	147,713	147,713
Title II, Part A	84.367A	0147-24-0220	14,268	14,268	14,268
Title IV	84.424A	0204-24-0220	12,152	12,152	12,152
IDEA Part B, Section 611 **	84.027A	0032-24-0074	146,480	146,480	146,480
IDEA Part B, Section 619 **	84.173A	0033-24-0074	1,183	886	886
COVID - 19 - ARP - ESSER 3	84.425U	5880-21-0220	645,423	275,302	275,302
Total U.S. Department of Education			1,328,129	641,646	641,646
US Department of Health and Human Services:					
Passed through Cattaraugus County:					
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N/A	96,000	12,963	12,963
US Department of Agriculture:					
Passed through NYS Department of Education:					
National School Breakfast Program ***	10.553	N/A	N/A	52,533	52,533
National School Lunch Program ***	10.555	N/A	N/A	145,586	145,586
COVID-19 - Supply Chain Assistance ***	10.555	N/A	N/A	21,400	21,400
Passed through NYS Office of General Services:					
National School Lunch Program ***					
Noncash assistance (commodities)	10.555	N/A	N/A	28,516	28,516
Total U.S. Department of Agriculture				248,035	248,035
Total expenditures and revenue				\$ 902,644	\$ 902,644

** Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures of \$ 147,366

*** Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures of \$ 248,035

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AND RIGHT-TO-USE ASSETS
AS OF JUNE 30, 2024

Capital assets and right-to-use assets	\$ 21,955,931
Less:	
Serial bonds	(11,255,000)
Lease payable	(683,673)
Net cash to be used for capital project	<u>51,121</u>
Net investment in capital assets and right-to-use assets	<u>\$ 10,068,379</u>

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2024

Schedule SS6

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As of the measurement date of July 1,	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability								
Service cost	\$ 16,526	\$ 14,460	\$ 13,471	\$ 11,068	\$ 10,616	\$ 12,199	\$ 13,694	\$ 11,451
Interest	14,273	6,858	8,665	7,223	7,940	7,967	6,914	7,805
Differences between expected and actual experience	8,220	48,539	(12,006)	91,476	(11,876)	(18,631)	(13,561)	-
Changes in assumptions	15,871	(4,590)	7,664	30,354	4,635	(8,514)	(9,413)	15,384
Benefit payments	(35,449)	(27,790)	(34,906)	(10,324)	(11,936)	(8,221)	(10,050)	(9,221)
Net change in total OPEB liability	19,441	37,477	(17,112)	129,797	(621)	(15,200)	(12,416)	25,419
Total OPEB liability - beginning	349,996	312,519	329,631	199,834	200,455	215,655	228,071	202,652
Prior period adjustment	-	-	-	-	-	-	-	-
Total OPEB liability - ending	\$ 369,437	\$ 349,996	\$ 312,519	\$ 329,631	\$ 199,834	\$ 200,455	\$ 215,655	\$ 228,071
Plan fiduciary net position								
Contributions - employer	\$ 35,449	\$ 27,790	\$ 34,906	\$ 10,324	\$ 11,936	\$ 8,221	\$ 10,050	\$ 9,221
Net investment income	-	-	-	-	-	-	-	-
Benefit payments	(35,449)	(27,790)	(34,906)	(10,324)	(11,936)	(8,221)	(10,050)	(9,221)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-	-
Plan fiduciary net position - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's net OPEB liability	\$ 369,437	\$ 349,996	\$ 312,519	\$ 329,631	\$ 199,834	\$ 200,455	\$ 215,655	\$ 228,071
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 6,068,481	\$ 5,920,469	\$ 5,045,688	\$ 4,922,622	\$ 5,515,125	\$ 5,380,610	\$ 5,207,737	\$ 5,140,905
District's net OPEB liability as a percentage of covered-employee payroll	6.1%	5.9%	6.2%	6.7%	3.6%	3.7%	4.1%	4.4%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount rate changes - 4.09% at July 1, 2022 to 4.13% at July 1, 2023

Health care trend rates changed from 7.5% to 4.5% as of July 1, 2022 to 8.0% to 4.5% as of July 1, 2023

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2024

Schedule SS7

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For the year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 35,449	\$ 27,790	\$ 34,906	\$ 10,324	\$ 11,936	\$ 8,221	\$ 10,050	\$ 9,221
Contributions in relation to the actuarially determined contribution	(35,449)	(27,790)	(34,906)	(10,324)	(11,936)	(8,221)	(10,050)	(9,221)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 6,068,481	\$ 5,920,469	\$ 5,045,688	\$ 4,922,622	\$ 5,515,125	\$ 5,380,610	\$ 5,207,737	\$ 5,140,905
Contributions as a percentage of District's covered-employee payroll	0.58%	0.47%	0.69%	0.21%	0.22%	0.15%	0.19%	0.18%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	4.13% as of July 1, 2023
Inflation	2.5% per year
Healthcare cost trend rates	2024 - 8.0%. Rates expected to decrease each year thereafter with an ultimate rate of 4.5% after 2029.
Salary increases	Based on NYSERS and NYSTRS valuations.
Mortality	Non-Teachers employees and retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 Teachers and Administrators employees and retirees: SOA Pub-2010 Teacher Headcount Weighted Mortality Table fully generational using Scale MP-2021 Surviving Spouses: SOA Pub-2010 Continue Survivor Headcount Weighted Mortality Table full generational using Scale MP-2021
Retiree Cost Sharing	Retirees are required to pay the full premium rate
Participants	106 Active and 17 Retirees

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 509,959	\$ 533,672	\$ 485,960	\$ 445,584	\$ 422,825	\$ 496,879	\$ 449,711	\$ 532,733	\$ 598,234	\$ 739,769
Contributions in relation to the contractually required contribution	(509,959)	(533,672)	(485,960)	(445,584)	(422,825)	(496,879)	(449,711)	(532,733)	(598,234)	(739,769)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,224,990	\$ 5,186,317	\$ 4,958,776	\$ 4,675,593	\$ 4,772,291	\$ 4,678,710	\$ 4,588,888	\$ 4,545,503	\$ 4,511,569	\$ 4,220,017
Contributions as a percentage of District's covered-employee payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

New York State Local Employees' Retirement System

For the year ended March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 181,255	\$ 155,455	\$ 197,981	\$ 179,394	\$ 180,768	\$ 188,952	\$ 200,079	\$ 172,766	\$ 196,597	\$ 209,963
Contributions in relation to the contractually required contribution	(181,255)	(155,455)	(197,981)	(179,394)	(180,768)	(188,952)	(200,079)	(172,766)	(196,597)	(209,963)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,399,936	\$ 1,362,679	\$ 1,232,555	\$ 1,246,502	\$ 1,260,474	\$ 1,299,635	\$ 1,332,538	\$ 1,198,723	\$ 1,065,771	\$ 1,068,107
Contributions as a percentage of District's covered-employee payroll	12.95%	11.41%	16.06%	14.39%	14.34%	14.54%	15.01%	14.41%	18.45%	19.66%

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY) – NYSTRS AND PROPORTIONATE SHARE OF
NET PENSION LIABILITY – NYSLERS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024

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

As of the measurement date of June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	n/a	0.0273450%	0.0279920%	0.0271790%	0.0279180%	0.0280300%	0.0281720%	0.0286840%	0.0284400%	0.0267030%
District's proportionate share of the net pension asset (liability)	n/a	\$ (312,715)	\$ (537,127)	\$ 4,709,837	\$ (771,462)	\$ 728,229	\$ 509,423	\$ 218,029	\$ (304,600)	\$ 2,773,624
District's covered-employee payroll	n/a	\$ 5,186,317	\$ 4,958,776	\$ 4,675,593	\$ 4,772,291	\$ 4,678,710	\$ 4,588,888	\$ 4,545,503	\$ 4,511,569	\$ 4,220,017
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	-6.03%	-10.83%	100.73%	-16.17%	15.56%	11.10%	-4.80%	-6.75%	65.73%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

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

As of the measurement date of March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0036961%	0.0040855%	0.0043795%	0.0036259%	0.0037013%	0.0041596%	0.0043998%	0.0040754%	0.0039603%	0.3810900%
District's proportionate share of the net pension asset (liability)	\$ (544,210)	\$ (876,086)	\$ 358,004	\$ (3,610)	\$ (980,114)	\$ (294,718)	\$ (142,003)	\$ (382,931)	\$ (635,633)	\$ (128,740)
District's covered-employee payroll	\$ 1,399,936	\$ 1,362,679	\$ 1,232,555	\$ 1,246,502	\$ 1,260,474	\$ 1,299,635	\$ 1,332,538	\$ 1,198,723	\$ 1,065,771	\$ 1,068,107
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	-38.87%	-64.29%	29.05%	-0.29%	-22.68%	-22.68%	-10.66%	-31.94%	-59.64%	12.05%
Plan fiduciary net position as a percentage of the total pension asset (liability)	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.7%	97.9%

n/a - information is not available



BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants • Business Advisors

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

**To the President and
Members of the Board of Education
Ellicottville Central School District
Ellicottville , New York**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Ellicottville Central School District* as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise *Ellicottville Central School District's* basic financial statements and have issued our report thereon dated September 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered *Ellicottville 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 *Ellicottville Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Ellicottville Central School District* internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in the District's internal control described in the accompanying schedule of findings and questioned costs as item II.A.2024-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Ellicottville Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2024-002.

Ellicottville Central School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on *Ellicottville Central School District's* responses to the internal controls over compliance finding and compliance and other matters finding identified in our audit described in the accompanying schedule of findings and questioned costs. *Ellicottville Central School District's* responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2024**



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

**To the President and
Members of the Board of Education
Ellicottville Central School District
Ellicottville, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited *Ellicottville Central School Districts* compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. *Ellicottville 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, *Ellicottville Central School District* complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 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 *Ellicottville 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 *Ellicottville 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 *Ellicottville 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 *Ellicottville 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 *Ellicottville Central School District* with the requirements of each major federal program as a whole.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **Ellicottville 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 **Ellicottville 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 **Ellicottville Central School District's** internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2024**

**ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

Noncompliance material to financial statements noted?	<u> X </u> yes	<u> </u> no
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)	<u> </u> yes	<u> X </u> no
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Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 902,644</u>
Identification of Major Programs Tested:		
National School Breakfast Program ***	10.553	\$ 52,533
National School Lunch Program ***	10.555	145,586
COVID-19 - Supply Chain Assistance ***	10.555	21,400
National School Lunch Program - Non-cash assistance ***	10.555	28,516
COVID - 19 - ARP - ESSER 3	84.425U	<u>275,302</u>
Total major programs tested		<u>\$ 523,337</u>
% of Federal programs tested		<u>58%</u>

*** Constitutes a cluster of Federal programs

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
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Auditee qualified as low risk?	<u> </u> yes	<u> X </u> no
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II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2024-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2024

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to due to and due from accounts, receivables, accruals and capital project funds and converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

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

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

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

B. COMPLIANCE AND OTHER MATTERS

2024-002 Fund Balance

Year ended June 30, 2024

Conditions and criteria: **Ellicottville Central School District** unassigned fund balance as of June 30, 2024 amounted to \$1,047,343. This amount constitutes approximately 6.7% of the 2024-25 school budget.

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

Auditor's Recommendation: **Ellicottville Central School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation of fund balance. In addition, we recommend that the District document its rationale to support the purpose and dollar level of reserves and to ensure it is in compliance with New York State guidelines.

School District's Response: **Ellicottville Central School District** realizes that its unassigned fund balance as of June 30, 2024 was in excess of the NYS 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.

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

A. COMPLIANCE

Year ended June 30, 2024

No findings related to compliance are being reported upon during the year ended June 30, 2024.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2024

No findings related to internal control over compliance are being reported upon during the year June 30, 2024.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

**2023-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements (Material Weakness)
Year Ended June 30, 2023**

Summary of Prior Year Finding: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to due to and due from accounts and capital project funds, and converting to the full accrual method for GASB 34 purposes. In addition, the draft of the financial statements was prepared by the auditors and accepted by the District. The American Institute of Certified Public Accountants (AICPA) issued AU-C Section 265, entitled Communicating Internal Control Related Matters in an Audit. This standard considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2024 and identified as finding 2024-001.

**2023-002 Segregation of Duties
Year Ended June 30, 2023**

Summary of Prior Year Finding: During the current year the District experienced turnover in its business office resulting in one individual being primarily responsible for the record keeping and financial reporting functions. A fundamental element of an effective internal control system is the proper segregation of duties. Proper segregation of duties provides for a system of checks and balances and entails assigning responsibilities of authorizing and recording transactions among different people in the District.

Current Status: This finding is not being reported upon during the current year, as the District employed a new employee in the business office effective August 2023.

**2023-003 Bank Reconciliations
Year Ended June 30, 2023**

Summary of Prior Year Finding: During the audit we noticed that the bank reconciliations for the general fund checking account were not being reconciled against the District's general ledger software on a regular basis. The effect of not preparing bank reconciliations that are reconciled against the District's general ledger is that reporting errors in the recording of cash receipts, cash disbursements and wire transfers can occur and not be detected or resolved in a timely manner.

Current Status: This finding is not being reported upon during the current year, as the District reconciled cash accounts against its general ledger software.

B. COMPLIANCE AND OTHER MATTERS

**2023-004 Unassigned Fund Balance
Year Ended June 30, 2023**

Summary of Prior Year Finding: *Ellicottville Central School District's* unassigned fund balance amounted to 6.8% of the 2023-24 General Fund budget. New York State Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's General Fund budget for the ensuing fiscal year.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2024 and identified as finding 2024-002.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS

A. COMPLIANCE

Year Ended June 30, 2023

There were no findings related to compliance during the year ended June 30, 2023.

B. INTERNAL CONTROL OVER COMPLIANCE

Year Ended June 30, 2023

There were no findings related to internal control over compliance during the year ended June 30, 2023.

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT

***EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT***

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND

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Extraclassroom Financial Statement

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INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Ellicottville Central School District
Ellicottville, New York**

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the **Ellicottville Central School District** for the year ended June 30, 2024, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of **Ellicottville Central School District** for the year ended June 30, 2024 on the basis of accounting described in Note 1.

Basis for Opinion

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

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Fund of **Ellicottville 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.

**Member of American Institute of Certified Public Accountants
Private Companies Practice Section**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Extraclassroom Activity Fund of *Ellicottville 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 *Ellicottville 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 September 17, 2024, on our consideration of the *Ellicottville 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 *Ellicottville 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 *Ellicottville Central School District's* internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2024**

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENT ON EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2023 THROUGH JUNE 30, 2024

	Balances July 1, 2023	Total Receipts 2023-24	Total Receipts & Balances	Total Payments 2023-24	Balances June 30, 2024
Class of 2022	\$ 1	\$ -	\$ 1	\$ -	\$ 1
Class of 2023	1,060	-	1,060	1,060	-
Class of 2024	10,194	21,322	31,516	29,320	2,196
Class of 2025	12,164	7,296	19,460	4,933	14,527
Class of 2026	4,655	7,784	12,439	3,795	8,644
Class of 2027	4,041	10,975	15,016	7,309	7,707
Class of 2028	1,559	2,793	4,352	3,123	1,229
Class of 2029	1,948	1,782	3,730	69	3,661
Class of 2030	-	2,341	2,341	705	1,636
Art Club	103	379	482	371	111
Caring Closet	5,542	2,321	7,863	3,273	4,590
Drama Club	10,242	10,763	21,005	7,216	13,789
Ecology Club	3,099	-	3,099	-	3,099
ESPRA	567	-	567	15	552
Music Association	9,344	14,117	23,461	12,112	11,349
NHS	560	1,745	2,305	1,469	836
Quiz Bowl/School Challenge	266	-	266	-	266
Student Council	9,140	2,978	12,118	2,705	9,413
Varsity Club	15,257	3,000	18,257	5,899	12,358
World Language Club	578	104	682	62	620
Yearbook	5,173	11,542	16,715	12,653	4,062
Total activity fund	\$ 95,493	\$ 101,242	\$ 196,735	\$ 96,089	\$ 100,646

ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024

Page 4

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are considered part of the reporting entity of **Ellicottville Central School District** and are included in the government-wide financial statements of the District. The activity of the Extraclassroom Activity Fund is included in the Miscellaneous Special Revenue Fund.

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

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

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of **Ellicottville Central School District** as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered **Ellicottville Central School District's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Ellicottville Central School District's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Ellicottville 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 controls 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 controls that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

During the course of our audit of the Extraclassroom Activity Fund, we noted the following items:

Point of Sale Records

We commend the District for its improvement in this area. We recommend the District continue its efforts of ensuring that each cash receipt received by the central treasurer is accompanied by supporting documentation which reconciles cash received to participation times rates/fees.

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Olean, New York
September 17, 2024



September 17, 2024

**To the Audit Committee
and Board of Education**
Ellicottville Central School District
Ellicottville, New York

We have audited the financial statements of ***Ellicottville Central School District*** as of and for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing standards and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ***Ellicottville Central School District*** are described in Note 1 to the financial statements. There were no new government accounting standards implemented by District in the current year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

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

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3IV and the COVID-19 Pandemic in Note 5 to the financial statements, due to their significance.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Member of American Institute of Certified Public Accountants
Private Companies Practice Section

Ellicottville Central School District

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 17, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management’s discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of the District’s share of the net pension asset/liability, and the schedule of the District’s contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

This information is intended solely for the use of the Board and management of [Ellicottville Central School District](#) and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.



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

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2024 of the District's financial statements and have issued our reports thereon dated September 17, 2024. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *Ellicottville Central School District* for the year ended June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2020 through June 30, 2024. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Ellicottville Central School District* has provided responses to the additional comments, however, we did not audit these responses and, accordingly, we express no opinion on them.

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

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

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
September 17, 2024**

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

	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Revenue and other sources					
Property taxes	\$ 9,335	\$ 8,869	\$ 8,265	\$ 8,114	\$ 7,738
State aid	4,904	4,672	4,156	3,941	4,403
All other	1,034	837	1,037	544	446
	<u>15,273</u>	<u>14,378</u>	<u>13,458</u>	<u>12,599</u>	<u>12,587</u>
Expenditures and other uses					
General support	2,017	1,822	1,749	1,692	1,602
Instruction	7,509	7,359	6,976	6,515	6,319
Transportation	896	811	689	679	588
Community Services	75	65	65	65	-
Benefits	2,808	2,525	2,228	2,176	2,082
Debt	1,758	1,787	1,561	1,154	1,395
Transfers	74	0	-	-	25
	<u>15,137</u>	<u>14,369</u>	<u>13,268</u>	<u>12,281</u>	<u>12,011</u>
Excess (deficiency) of revenue over expenditures	136	9	190	317	576
Fund equity					
Beginning of year	2,789	2,780	2,590	2,273	1,697
End of year	<u>\$ 2,925</u>	<u>\$ 2,789</u>	<u>\$ 2,780</u>	<u>\$ 2,590</u>	<u>\$ 2,273</u>
Analysis of fund equity					
Restricted					
Reserve for repairs	\$ 126	\$ 122	\$ 122	\$ 122	\$ 121
Reserve for retirement system	167	163	162	162	137
Reserve for employee benefits	278	288	324	263	310
Reserve for unemployment insurance	63	61	60	84	60
Reserve for transportation	115	78	78	33	-
Reserve for TRS	206	201	200	200	-
Reserve for workers compensation	30	30	30	-	-
Reserve for capital	268	221	220	130	-
Assigned					
Reserve for encumbrances	-	2	97	45	1
Next year's budget	625	608	620	528	576
Unassigned	1,047	1,015	867	1,023	1,068
	<u>\$ 2,925</u>	<u>\$ 2,789</u>	<u>\$ 2,780</u>	<u>\$ 2,590</u>	<u>\$ 2,273</u>

**ELLCOTTVILLE CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Page 3

Future Governmental Accounting Standards – GASB 101 – Compensated Absences

Governmental Accounting Standards Board has issued Statement No. 101, Compensated Absences which will be effective for the fiscal year ending June 30, 2025. The standard provides guidance on how the District will account for and disclose obligations related to compensated absences, including vacation leave, sick leave, and other similar benefits. We recommend that the District begin to familiarize themselves with the new compensated absences standard, which may include continuing education, webinars and further training.

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

Food Service Processes

The District is required to review applications received for free and reduced meals. During our testing and based on conversations with management, although there is someone independent performing a secondary review of applications, we noted that there is no evidence of this procedure prior to updating the classifications in the system. We recommend that the individual responsible for reviewing applications and verifying that the information is correct, document this review by signing and dating the application.

District response: The Cafeteria Manager will document their review of applications when verifying that the classification is appropriate.

Review of Payroll Contract Increases

During the audit, it was noted that there is no secondary review of payroll increases prior to the start of the school year. We recommend that the District implement a procedure whereby contractual increases are reviewed by someone independent of the payroll process.

District response: The District will create a process where the School Business Executive, Payroll Clerk and/or Superintendent will review salary changes prior to the start of the new year and compare to individual contracts. In addition, the School Business Executive and/or Superintendent will review a sample of teachers to verify they are being paid in accordance with their approved contract. Salary notices are also reviewed on an annual basis by the individual staff member and the School Business Executive and/or Superintendent.

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 Ellicottville Central School District, Cattaraugus County, New York (the “Issuer”) in connection with the issuance of its \$2,600,000 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.

