

OFFICIAL STATEMENT DATED JUNE 4, 2025

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Bond Counsel, under the existing statutes, regulations and court decisions, interest on the Notes is excludable from gross income for Federal income tax purposes, and, under the existing statutes, interest on the Notes is exempt from New York State and New York City personal income taxes. In the opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of Federal alternative minimum tax; interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. No opinion is expressed regarding other Federal tax consequences arising with respect to the Notes. See "Tax Exemption" herein.

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

**NEW YORK MILLS UNION FREE SCHOOL DISTRICT
ONEIDA COUNTY, NEW YORK**

**\$3,900,000
Bond Anticipation Notes, 2025
(the "Notes")**

**At an Interest Rate of 3.75% to Yield 3.32%
CUSIP #649602 ET2**

Dated: June 25, 2025

Due: June 25, 2026

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

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an unqualified legal opinion as to the validity of the Notes of Timothy R. McGill, Esq., Fairport, New York. It is anticipated that the Notes will be available for delivery on or about June 25, 2025.

BNY MELLON CAPITAL MARKETS, LLC

THIS REVISED OFFICIAL STATEMENT SUPPLEMENTS THE OFFICIAL STATEMENT OF THE SCHOOL DISTRICT DATED MAY 23, 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 AND THE DATED DATE ON PAGE 37, THERE HAVE BEEN NO MATERIAL REVISIONS TO SAID OFFICIAL STATEMENT.

DATED: June 4, 2025

**NEW YORK MILLS UNION FREE SCHOOL DISTRICT
ONEIDA COUNTY, NEW YORK**

School District Officials

2024-25 BOARD OF EDUCATION

.....
Kristin Hubley - President
Robert Mahardy, Jr. - Vice President

Sara DeFazio
Jacqueline Edwards
Jeremy Fennell
Steve King
Abbie Taylor

.....
Michele LeGase – Superintendent of Schools
Lisa Stamboly – Business Official
Mandy Mroz –District Clerk

.....
School District Attorney

Ferrara Fiorenza PC

BOND COUNSEL

Timothy R. McGill, Esq.

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

TABLE OF CONTENTS

	<u>Page</u>		
THE NOTES	4	REAL PROPERTY TAX REBATE	25
Description of the Notes	4	TAX LEVY LIMITATION LAW	25
Authority for and Purpose of the Notes	5	STATUS OF INDEBTEDNESS	26
Nature of the Obligation	5	Constitutional Requirements	26
Book-Entry-Only System	6	Statutory Procedure	26
Certificated Notes	8	Debt Outstanding End of Fiscal Year	27
		Status of Outstanding Bond Issues	28
		Total Annual Bond Principal and Interest Due	29
		Status of Short-Term Indebtedness	29
THE SCHOOL DISTRICT	8	Cash Flow Borrowings	29
General Information	8	Capital Project Plans	29
District Population	9	Building Aid Estimate	30
Selected Wealth and Income Indicators	9	Debt Statement Summary	30
District Facilities	9	Estimated Overlapping Indebtedness	31
District Employees	10	Debt Ratios	31
Historical and Projected Enrollment	10		
Employee Pension Benefits	10	SPECIAL PROVISIONS AFFECTING	
Other Post-Employment Benefits	13	REMEDIES UPON DEFAULT	31
Major Employers	14		
Unemployment Rate Statistics	14	MARKET AND RISK FACTORS	33
Investment Policy	15	TAX EXEMPTION	34
Form of School Government	15	LEGAL MATTERS	35
Budgetary Procedures	16	LITIGATION	35
State Aid	16	RATINGS	36
Fiscal Stress Monitoring	20	CONTINUING DISCLOSURE	
New York State Comptroller		COMPLIANCE	36
Report of Examination	20	MUNICIPAL ADVISOR	36
Other Information	21	MISCELLANEOUS	36
Financial Statements	21		
TAX INFORMATION	22	APPENDIX – A- Financial Information	
Assessed and Full Valuations	22	APPENDIX – B – Audited Financial Statements	
Tax Rate Per \$1,000 (Assessed Value)	22	For the Fiscal Year Ended June 30, 2024	
Tax Collection Procedure	22	APPENDIX – C – Legal Opinions	
Tax Collection Record	23	APPENDIX – D – Material Event Notices for the Bond	
Real Property Tax Revenues	23	Anticipation Notes	
Major Taxpayers 2024 for 2024-25 Tax Roll	24		
General Fund Operations	24		
STAR- School Tax Exemption	24		

PREPARED WITH THE ASSISTANCE OF:

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OFFICIAL STATEMENT

**NEW YORK MILLS UNION FREE SCHOOL DISTRICT
ONEIDA COUNTY, NEW YORK**

Relating To

**\$3,900,000
(the “Notes”)**

This Official Statement, which includes the cover page, has been prepared by the New York Mills Union Free School District, Oneida County, New York (the “District” or “School District”, “County” and “State,” respectively) in connection with the sale by the District of its \$3,900,000 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.

THE NOTES

Description of the Notes

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

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

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

If the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

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

Authority for and Purpose of the Notes

The Notes are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, the Local Finance Law, and pursuant to an amended Bond Resolution dated March 5, 2024 authorizing the issuance of up to \$5,050,000 in Bond Anticipation Notes or Bonds for the financing of certain capital improvements of the School District's existing school buildings and facilities. This issue will provide the District with \$3,900,000 of new money.

Nature of the Obligation

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

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

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

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

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

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

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

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

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

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

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

Book-Entry-Only System

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

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

applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

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

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

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

Certificated Notes

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

THE SCHOOL DISTRICT

General Information

The New York Mills Union Free School District is located in the Towns of Whitestown and New Hartford in Oneida County. The School District covers approximately 2.7 square miles. All of the School District's facilities are located on a 27-acre campus in the Village of New York Mills.

The School District is served by an excellent network of State highways, providing access to the New York State Thruway, approximately seven miles to the west. Air transportation is available at the Oneida County Airport. Bus and rail service are available in the City of Utica about two miles from the School District.

The School District is a mixture of residential and commercial areas. The largest employer is an area hospital which is located next to Utica College.

Water and sewer services are provided by the Utica Water and Sewer Board. Electric service is provided by National Grid; telephone service by Northland Telephone Company and Verizon New York Inc. Police protection is provided by the Village of New York Mills, the Oneida County Sheriff's Department and the New York State Police.

The School District provides public education for grades K-12. Opportunities for higher education include the State University of Utica/Rome, Utica College of Syracuse University, Mohawk Valley Community College and the other colleges and universities in the region.

School District residents find commercial and financial services in the Village of New York Mills, the Town of Whitestown and the Town of New Hartford.

District Population

The 2023 population of the School District is estimated to be 5,063. (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 Towns, Villages, and Counties listed below. The Figures set below with respect to such Towns, Villages, 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 Towns, Villages, Counties or State are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Village Of:						
New York Mills	\$25,875	\$23,443	\$36,730	\$55,631	\$50,727	\$76,696
Towns Of:						
New Hartford	33,819	40,101	51,553	77,733	80,253	112,361
Whitestown	27,192	31,035	42,735	66,969	75,208	100,793
County Of:						
Oneida	23,458	26,577	36,865	58,017	63,182	88,011
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>
Elementary & Junior/Senior School	K-12	1958	888	2017
Beekman Gymnasium	7-12	1942	400	2017

Source: District Official

District Employees

The District employs a total of 92 full-time and 9 part-time employees with representation by the various bargaining units listed below:

Bargaining Unit	Employees	Expiration Date
New York Mills Teachers' Association	59	6/30/2028
New York Mills CSEA	29	6/30/2028

Source: District Officials

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2020-21	558	2025-26	585
2021-22	575	2026-27	585
2022-23	575	2027-28	585
2023-24	568	2028-29	585
2024-25	583	2029-30	585

Source: District Officials

Employee Pension Benefits

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

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

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

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

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2024-2025 and 2025-26 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$131,776	\$368,745
2020-2021	127,316	396,896
2021-2022	132,235	427,567
2022-2023	97,818	453,147
2023-2024	114,027	414,122
2024-2025 (Budgeted)	295,187	615,888
2025-2026 (Budgeted)	295,187	615,888

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 the 2025-2026 fiscal years. This table is not audited.

Retirement Incentive Program – Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District does not currently have early retirement incentive programs for its employees

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

A chart of average ERS and TRS rates as a percent of payroll (2020-2021 to 2025-2026) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	14.6%	9.53%
2021-2022	16.2	9.8
2022-2023	11.6	10.29
2023-2024	13.1	9.76
2024-2025	15.2	10.1
2025-2026	16.5	9.59*

* Estimated

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

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

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

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

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

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

percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established a TRS Reserve on August 20, 2019.

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

Other Post-Employment Benefits

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

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

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

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

Based on the most recent actuarial valuation dated July 1, 2023 and financial data as of June 30, 2024, the School District's beginning year total OPEB liability was \$18,376,964 the net change for the year was \$215,233 resulting in a total OPEB liability of \$18,592,197 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>
Slocum-Dickson Medical Group, P.C.	Health Care	1,350
Don-Al Management	Vehicle Sales/Service	245
Cooper Auto Dealer Group	Vehicle Sales	235
McCraith Beverage	Distributor	225
Vicks Lithograph & Printing Corporation	Manufacturer	125

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

<u>Year</u>	<u>Oneida County Unemployment Rate</u>	<u>New York State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2020	7.7%	9.8%	8.3%
2021	5.1%	7.1%	5.3%
2022	3.6%	4.3%	3.5%
2023	3.5%	4.1%	3.6%
2024	3.7%	4.3%	4.0%

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

	<u>2024-2025 Monthly Figures</u>											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Oneida	3.5%	3.4%	3.6%	4.0%	3.9%	3.2%	3.3%	3.4%	3.6%	4.3%	4.6%	4.1%
New York State	3.9%	4.0%	4.3%	4.8%	4.8%	4.0%	4.2%	4.2%	4.2%	4.6%	4.3%	4.1%

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

Investment Policy

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

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

The School District has adopted its own Investment Policy, which, in addition to incorporating all of the provisions of statute enumerated above, further restricts trading partners to commercial banks or trust companies licensed and doing business in New York State. The Policy prohibits investing through any private entity or brokerage firm and provides for written Security Agreements and/or Custodial Agreements with each commercial bank or trust company.

Form of School Government

The legislative power of the School District is vested in the Board of Education (the "Board"). Members of the Board of Education shall serve for five (5) years beginning July 1, following their election and each term shall expire on the thirtieth day of June of the fifth year.

During the first 14 days in July of each year the Board meets for the purpose of reorganization. At that time, an election is held within the Board to elect a President and Vice President and to appoint other School District officials.

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

Budgetary Procedures

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

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

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

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

The budget for the 2022-23 fiscal year was adopted by the qualified voters on May 17, 2022 by a vote of 300 to 133. The School District's 2022-23 Budget remained within the School District Tax Cap imposed by Chapter 97.

The budget for the 2023-24 fiscal year was adopted by the qualified voters on May 16, 2023 by a vote of 309 to 106. The School District's 2023-24 Budget remained within the School District Tax Cap imposed by Chapter 97.

The budget for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024 by a vote of 263 to 58. The School District's 2024-25 Budget remained within the School District Tax Cap imposed by Chapter 97.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2025-26 fiscal year, approximately 39.95% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid

appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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

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

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

Federal Aid Received by the State –

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

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

State Aid History

The State's 2020- 2021 Enacted Budget - Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020- 2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% of estimates or if actual disbursements

exceed 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

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

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

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

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

School district fiscal year (2025–2026): On January 21, 2025, Governor Hochul released her 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 is scheduled to be approved by April 1, 2025 (the start of New York State's fiscal year). Foundation aid is New York State's main education operating aid formula. It is focused on allocating New York State funds equitably to all school districts, especially high need districts, based on student need, community wealth, and regional cost differences. As stated above, the Executive Budget provides a 5.9% increase (amounting to a \$1.4 billion total increase since last year) in Foundation Aid for the 2025 school year. Foundation aid is intended mainly to support districts' 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.

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

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

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

- FY 2022: \$19.8 billion, covering 30% of existing shortfall
- FY 2023: Approximately \$21.3 billion, cover 50% of the anticipated shortfall
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school Districts

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2019-2020	\$ 13,068,366	\$ 4,312,025	33.00%
2020-2021	13,652,240	4,549,838	33.33
2021-2022	14,377,007	4,839,300	33.66
2022-2023	14,932,975	5,295,151	35.46
2023-2024	15,784,622	6,195,993	39.25
2024-2025 (Budgeted)	15,229,803	6,056,485	39.77
2025-2026 (Budgeted)	15,705,060	6,274,585	39.95

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

Fiscal Stress Monitoring

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	0.0
2023	No Designation	0.0
2022	No Designation	10.0
2021	No Designation	0.0
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 October 2, 2020. The purpose of the audit was to determine whether District officials sought competition for the purchase of goods and services not subject to competitive bidding between July 1, 2018 and October 31, 2019.

Key Findings:

- The purchasing agent did not effectively perform her procurement duties.
- Officials did not always seek competition for professional services. No competition was sought for the services procured from five professional service providers totaling \$89,421.
- No written or verbal quotes were obtained for the purchase of goods and services from 13 vendors who were paid \$73,032.

Key Recommendations:

- The purchasing agent should oversee the purchasing program and ensure purchases are made in compliance with the District's policy.
- Periodically issue requests for proposals (RFPs) to solicit competition when seeking professional services.
- Obtain verbal and written quotes as required by the procurement policy and ensure that all proper d

The District provided a complete response to the State Comptroller's office on August 3, 2020. 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 Comptrollers 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:									
New Hartford	\$ 139,793,894	\$	139,863,200	\$	138,828,776	\$	139,459,838	\$	139,861,630
Whitestown	<u>114,877,982</u>		<u>115,592,495</u>		<u>113,351,317</u>		<u>113,374,915</u>		<u>113,681,430</u>
Total	\$ 254,671,876	\$	255,455,695	\$	252,180,093	\$	252,834,753	\$	253,543,060
Equalization Rates:									
New Hartford	72.00%		70.00%		63.00%		57.00%		53.00%
Whitestown	58.00%		58.00%		53.00%		47.00%		42.00%
Full Valuations:									
New Hartford	\$ 194,158,186	\$	199,804,571	\$	220,363,137	\$	244,666,382	\$	263,889,868
Whitestown	<u>198,065,486</u>		<u>199,297,405</u>		<u>213,870,409</u>		<u>241,223,223</u>		<u>270,670,071</u>
Total	\$ 392,223,672	\$	399,101,977	\$	434,233,546	\$	485,889,606	\$	534,559,939

Equalized values shown here are those used by the School District for tax levy purposes as provided in the Real Property Tax Law. In some cases, equalization rates established specifically for school tax apportionment may have been used, as is also provided in the Real Property Tax Law.

Tax Rate per \$1,000 Assessed Value

Fiscal Year Ending
June 30:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
New Hartford	\$ 28.40	\$ 29.06	\$ 29.67	\$ 29.31	\$ 29.19
Whitestown	35.25	35.07	35.27	35.54	36.84

Tax Collection Procedure

School taxes are due September 1. If paid by October 1, no penalty is imposed. There is a 5% penalty if paid by November 1. On November 5, a list of all unpaid taxes is given to the County for re-levy on County/Town tax rolls. The School District is reimbursed by the County 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>
Total Tax Levy	\$8,119,400	\$8,117,286	\$8,117,286	\$8,117,286	\$8,271,515
Less STAR Reimbursement	932,258	839,154	804,101	750,428	681,259
Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Taxes to be Collected	7,087,142	7,278,132	7,313,185	7,366,858	7,590,256
Taxes Collected prior to Return to County	<u>6,809,905</u>	<u>6,872,133</u>	<u>7,064,473</u>	<u>7,095,222</u>	<u>7,337,347</u>
Uncollected Date of Return	\$277,237	\$405,999	\$248,712	\$271,636	\$252,909
% Collected Prior to Return	96.09%	94.42%	96.60%	96.32%	96.66%

Note: * Collection information is as of 12/5/24.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2019-2020	\$ 13,068,366	\$ 6,842,258	52.36%
2020-2021	13,652,240	7,105,751	52.05
2021-2022	14,377,007	7,276,667	50.61
2022-2023	14,932,975	7,311,621	48.96
2023-2024	15,784,622	7,363,903	46.65
2024-2025 (Budgeted)	15,229,803	7,615,595	50.00
2025-2026 (Budgeted)	15,705,060	7,747,415	49.33

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

Major Taxpayers 2024

For 2024-25 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Full Value</u>
SDMG	HEALTH CAE	\$10,630,000
NATIONAL GRID	UTILITY	9,346,718
WIDE WATERS	RETAIL	7,983,172
STEET	CAR DEALERSHIPS	5,576,000
CBM	MANUFACTURING	4,844,370
CLARENCE CARPENTER	RENTALS	4,384,264
MCCRAITH BEVERAGE	DISTRIBUTING	3,598,668
MVHS	HEALTH CARE	3,570,115
THE MILL #3, LLC	COMMERICAL	2,095,145
JOE TEHANS	RETAIL	2,080,000
Total		\$54,108,452

1. The above taxpayers represent 10.12% of the School District's 2024-25 Full value of \$534,559,939

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

General Fund Operations

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A statement of such revenues and expenditures for the five-year period ending June 30, 2024, is contained in the Appendices). As reflected in the Appendices, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$93,200 or less in 2023 and \$98,700 or less in 2024, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first \$81,400 for the 2023-24 school year and the first \$84,000 for the 2024-25 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross Income not in excess of \$250,000 (\$500,000 in the case of a STAR Credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2022-23 State budget provided \$2.2 billion in State funding for a new one-year property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients were eligible for the property tax rebate where the benefit was a percentage of the homeowners’ existing STAR benefit.

Real Property Tax Rebate

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

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

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

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

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

TAX LEVY LIMITATION LAW

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

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

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

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

There is also an exception for school districts for “Capital Local Expenditures” subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. “Capital Local Expenditures”, are defined as “the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school

district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy" and is an exclusion from the tax levy limitation.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution

authorizing the issuance of bonds, and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specifications for such project have been approved by the Commissioner of Education of the State. The District has obtained such approval with respect to the project to be financed by the Notes.

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

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

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

The Board of Education, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the 30 power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Serial Bonds	\$4,085,000	\$3,690,000	\$4,155,000	\$3,650,000	\$3,120,000
Bond Anticipation Notes	0	0	0	0	0
Energy Performance	0	0	1,428,155	1,391,593	1,317,377
Total Debt Outstanding	\$4,085,000	\$3,690,000	\$5,583,155	\$5,041,593	\$4,437,377

Status of Outstanding Bond Issues

Year of Issue:	2010		2018
Amount Issued:	\$2,596,084		\$3,485,000
Purpose/Instrument:	Building/Serial Bond		Building/Serial Bond
Fiscal Year Ending June 30:	<u>Principal</u>	-	<u>Interest</u>
		-	
2025	\$ 220,000		\$ 8,800
2026	-		-
2027	-		-
2028	-		-
2029	-		-
2030	-		-
2031	-		-
2032	-		-
2033	-		-
Totals:	\$ 220,000		\$ 8,800

	2010		2018
Amount Issued:	\$2,596,084		\$3,485,000
Purpose/Instrument:	Building/Serial Bond		Building/Serial Bond
Fiscal Year Ending June 30:	<u>Principal</u>	-	<u>Interest</u>
		-	
2025	\$ 230,000		\$ 66,600
2026	235,000		59,700
2027	240,000		52,650
2028	250,000		45,450
2029	260,000		37,950
2030	265,000		30,150
2031	275,000		22,200
2032	285,000		13,950
2033	-		-
Totals:	\$ 2,220,000		\$ 334,050

Year of Issue:	2022		
Amount Issued:	\$870,000		
Purpose/Instrument:	Building/Serial Bond		
Fiscal Year Ending June 30:	<u>Principal</u>	-	<u>Interest</u>
		-	
2025	\$ 90,000		\$ 22,644
2026	95,000		19,647
2027	45,000		16,484
2028	45,000		14,985
2029	45,000		13,487
2030	45,000		11,988
2031	45,000		10,490
2032	45,000		8,991
2033	45,000		7,493
2034	45,000		5,994
2035	45,000		4,496
2036	45,000		2,997
2037	45,000		1,499
Totals:	\$ 680,000		\$ 141,192

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	\$ 540,000		\$ 98,044		\$ 638,044		17.70%
2026	330,000		79,347		409,347		29.06%
2027	285,000		69,134		354,134		38.89%
2028	295,000		60,435		355,435		48.75%
2029	305,000		51,437		356,437		58.64%
2030	310,000		42,138		352,138		68.41%
2031	320,000		32,690		352,690		78.20%
2032	330,000		22,941		352,941		87.99%
2033	225,000		12,893		237,893		94.59%
2034	45,000		5,994		50,994		96.00%
2035	45,000		4,496		49,496		97.38%
2036	45,000		2,997		47,997		98.71%
2037	<u>45,000</u>		<u>1,499</u>		<u>46,499</u>		100.00%
Totals:	\$ 3,120,000		\$ 484,042		\$ 3,604,042		

Status of Short-Term Indebtedness

The School District does not currently have any short-term indebtedness outstanding.

Cash Flow Borrowings

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

Capital Project Plans

As of November 3, 2020, the Board of Education approved a contract with John W. Danforth Company after advertising for Request for Proposals for an Energy Performance project which will include the installation of new or updated equipment, energy conservation measures, implementation of optimal operation and maintenance procedures, and other alterations. The Board of Education adopted a resolution for the lease agreement on April 5, 2022. The EPC lease was issued at \$1,428,155 on April 27, 2022.

On December 12, 2023, the qualified voters of the District approved a \$5,550,000 capital project. The capital project consists of reconstruction of the existing K-12 School Building, site improvements and the acquisition of certain original furnishings, equipment and apparatus and other incidental improvements. The District will expend from the existing capital reserve fund \$500,000. This issue will provide the District with \$3,900,000 of new money.

Building Aid Estimate

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. The District has not applied for such estimate, but anticipates that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 77.0%

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

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

Debt Statement Summary

As of May 23, 2025

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization</u> <u>Rate</u>	<u>Taxable Full Valuation</u>
New Hartford	\$ 139,861,630	53.00%	\$ 263,889,868
Whitestown	113,681,430	42.00%	270,670,071
Total			\$ 534,559,939
Debt Limit: 10% of Full Valuation			\$ 53,455,994
Inclusions:			
Serial Bonds			\$ 3,120,000
EPC			1,317,377
Total Inclusions:			\$ 4,437,377
Exclusions:			
Building Aid Estimate	1		\$0
Total Exclusions:			\$0
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 4,437,377
New Monies This Issue:			3,900,000
Total Net Indebtedness			\$ 8,337,377
Net Debt Contracting Margin			\$ 45,118,617
Percentage of Debt-Contracting Power Exhausted			15.60%

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

Estimated Overlapping Indebtedness

<u>Overlapping Unit</u>	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness</u>	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
Oneida County	\$ 534,559,939					
	\$ 14,482,609,789	3.69%	\$503,163,433	N/A	\$503,163,433	\$18,571,999
Town of New Hartford	\$ 263,889,868					
	\$ 2,088,615,273	12.63%	-	N/A	-	-
Town of Whitestown	\$ 270,670,071					
	\$ 1,294,472,172	20.91%	-	N/A	-	-
Village of New York Mills	\$ 180,120,501					
	\$ 180,120,501	100.00%		N/A	-	-
Total						<u><u>\$ 18,571,999</u></u>

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

Notes: 1 Bonds and Bond Anticipation notes as of 2024 fiscal year. Not adjusted to include subsequent bond and note sales.
N/A Information not available from source document.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 23, 2025:

	Amount	Per Capita ^(a)	Percentage of Full Value ^(b)
Net Indebtedness	\$ 8,337,377	\$ 1,646.73	1.560%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 26,909,376	\$ 5,314.91	5.034%

(a) The District's estimated population is 5,063. (Source: 2023 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2024-25 is \$534,559,939

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of an interest on indebtedness of every county, city, town, Village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The Fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however,

it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision.

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

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

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

MARKET AND RISK FACTORS

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

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

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

Cyber Security

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

TAX EXEMPTION

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) is not a specific preference item for purposes of the federal alternative minimum tax; interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

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

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

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

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances. Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinions of Timothy R. McGill Esq., Fairport, New York, Bond Counsel, each to the effect that the Notes as the case may be, are valid and legally binding obligations of the District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to

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

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

LITIGATION

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

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 sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceeding or authority of the District taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the District.

RATINGS

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

The most recent underlying rating assigned to the School District by Moody's Investor Service is an A1 rating, which was assigned in connection with the issuance by the School District of \$3,485,000 School District (Serial) Bonds dated June 21, 2018.

A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the District's outstanding serial bonds may have an adverse effect on the market price of the bonds

CONTINUING DISCLOSURE COMPLIANCE

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of

1934, the School District will enter into an Undertaking to provide Material Event Notices, the description of which is attached hereto as "Appendix D".

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

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

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

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

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

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

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

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission. reference or constitutes a part of this Official Statement. R.G. Timbs, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the School District nor R.G. Timbs, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, R.G. Timbs, Inc. and the School District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website.

R.G. Timbs, Inc. may place a copy of this Official Statement on its website at www.RGTimbsInc.net. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific.

The School District's contact information is as follows: Lisa Stamboly, Treasurer, phone: (315) 768-8127; email: lstamboly@newyorkmills.org

Additional copies of the Notice of Sale and the Official Statement may be obtained from the offices of R.G. Timbs, Inc., telephone number (877) 315-0100 x 5 or at www.RGTimbsInc.net.

New York Mills Union Free School District

Dated: June 4, 2025
New York Mills, New York

Kristen Hubley
President of the Board of Education
and Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Budget <u>2025</u>
Beginning Fund Balance - July 1	\$3,733,553	\$3,769,720	\$3,493,686	\$4,144,526	\$4,327,402	\$4,716,717 ^E
<u>Revenues:</u>						
Real Property Taxes	\$6,842,258	\$7,105,751	\$7,276,667	\$7,311,621	\$7,363,903	\$7,615,595
Other Tax Items	1,114,738	1,052,534	994,421	1,062,246	1,017,564	901,723
Charges for Services	4,514	0	1,424	3,061	2,612	2,500
Use of Money & Property	45,610	13,724	30,683	79,019	234,549	111,500
Sale of Property/Comp. for Loss	29,172	26,085	0	11,508	7,086	1,000
Miscellaneous	686,820	750,768	1,009,298	636,517	627,455	531,000
State Aid	4,312,025	4,549,838	4,839,300	5,295,151	6,195,993	6,056,485
Federal Aid	33,229	153,540	95,651	497,290	222,233	10,000
Interfund Transfers	0	0	129,563	36,562	113,227	0
Total Revenues	\$13,068,366	\$13,652,240	\$14,377,007	\$14,932,975	\$15,784,622	\$15,229,803
<u>Expenditures:</u>						
General Support	\$1,562,568	\$1,336,532	\$1,437,574	\$1,407,326	\$1,633,677	\$1,725,896
Instruction	7,743,909	8,306,062	8,164,023	8,784,256	9,138,775	9,779,871
Transportation	607,082	597,053	450,524	666,212	657,061	731,761
Employee Benefits	2,491,227	2,624,217	2,775,932	2,855,196	2,864,039	3,472,639
Capital Outlays	0	0	0	36,562	113,227	0
Debt Service	517,913	521,838	788,614	752,197	875,178	1,081,608
Interfund Transfer	109,500	542,572	109,500	248,350	113,350	108,500
Total Expenditures	\$13,032,199	\$13,928,274	\$13,726,167	\$14,750,099	\$15,395,307	\$16,900,275
Adjustments	0	0	0	0	0	0
Year End Fund Balance	\$3,769,720	\$3,493,686	\$4,144,526	\$4,327,402	\$4,716,717	\$3,046,245 ^E
Excess (Deficit) Revenues Over Expenditures	\$36,167	(\$276,034)	\$650,840	\$182,876	\$389,315	(\$1,670,472) ¹

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

1. Appropriated Fund Balance is planned to be used.

E. Estimated

General Fund – Budget Summary

2025-26 Proposed Budget

Revenues:

Real Property Taxes & STAR	\$8,428,674
Other Tax Items	245,801
Charges for Services	2,500
Use of Money & Property	111,500
Sale of Property	1,000
Miscellaneous	631,000
State Aid	6,274,585
Federal Aid	10,000
Interfund Transfers	0
Appropriated Fund Balance	1,870,475
Total Revenues	<u>\$17,575,535</u>

Expenditures:

General Support	\$1,829,175
Instruction	10,430,980
Transportation	841,922
Employee Benefits	3,550,700
Debt Service	807,758
Interfund Transfers	115,000
Total Expenditures	<u>\$17,575,535</u>

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

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:					
Unrestricted Cash	\$1,762,485	\$1,967,588	\$2,857,654	\$2,126,935	\$2,571,263
Restricted Cash	1,518,603	1,066,659	1,066,868	1,582,062	1,769,925
Due from Other Funds	500,529	750,492	450,512	666,624	255,062
Due from State & Federal	571,082	682,352	606,771	747,174	904,197
Total Assets	<u>\$4,352,699</u>	<u>\$4,467,091</u>	<u>\$4,981,805</u>	<u>\$5,122,795</u>	<u>\$5,500,447</u>
Liabilities:					
Accounts payable & Accrued Liabilities	46,244	509,271	357,381	258,563	307,511
Due to Other Funds	0	0	10	0	0
Due to Other Governments	0	0	0	0	0
Due to State Teachers' Retirement System	389,090	428,423	455,481	507,983	440,949
Due to Employees' Retirement System	33,430	35,711	24,407	28,847	35,270
Total Liabilities:	<u>\$468,764</u>	<u>\$973,405</u>	<u>\$837,279</u>	<u>\$795,393</u>	<u>\$783,730</u>
Deferred Inflows of Resources					
Unavailable revenue	\$114,215	\$0	\$0	\$0	\$0
Fund Balances:					
Restricted	1,559,051	1,108,215	1,563,715	1,734,190	1,916,744
Assigned:					
Encumbrances	258,684	339,295	478,986	472,572	453,489
Appropriated Fund Balance	1,464,000	1,464,000	1,464,000	1,464,000	1,670,472
Unassigned					
Unappropriated Fund Balance	487,985	582,176	637,825	656,640	676,012
Total Fund Balance	<u>\$3,769,720</u>	<u>\$3,493,686</u>	<u>\$4,144,526</u>	<u>\$4,327,402</u>	<u>\$4,716,717</u>
Total Liabilities and Fund Balance	<u>\$4,352,699</u>	<u>\$4,467,091</u>	<u>\$4,981,805</u>	<u>\$5,122,795</u>	<u>\$5,500,447</u>

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

APPENDIX B

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

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

**NEW YORK MILLS UNION FREE SCHOOL
DISTRICT**

**Financial Statements as of and for the Year Ended June 30, 2024
Together with
Independent Auditor's Report and Report
Required by *Government Auditing Standards***

Bonadio & Co., LLP
Certified Public Accountants

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

TABLE OF CONTENTS

June 30, 2024

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	15
Statement of Activities	16
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position – Governmental Activities	18
Statement of Revenue, Expenditures, and Change in Fund Balance – Governmental Activities	19
Reconciliation of the Statement of Revenue, Expenditures, and Change In Fund Balance to the Statement of Activities	20
Statement of Net Position – Fiduciary Fund	21
Statement of Change in Net Position – Fiduciary Fund	22
Notes to Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Schedule of Revenue, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund	48
Schedule of Changes in Total OPEB Liability and Related Ratios	49
Schedule of Proportionate Share of Net Pension Liability (Asset)	50
Schedule of Contributions – Pension Plans	51
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures, and Change in Fund Balance – Nonmajor Governmental Funds	53

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

TABLE OF CONTENTS

June 30, 2024

	<u>Page</u>
OTHER INFORMATION (UNAUDITED)	
Schedule of Changes from Original budget to Revised Budget and Schedule of Section 1318 of Real Property Tax Law Limit Calculation -General Fund	54
Schedule of Project Expenditures – Capital Projects Fund	55
Schedule of Net investment in Capital Assets	56
Independent Auditor's Report On Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57

INDEPENDENT AUDITOR'S REPORT

October 1, 2024

To the Board of Education and Superintendent of
New York Mills Union Free School District:

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Revenue, Expenditures, and Change in Fund Balance - Budget and Actual - General Fund; Schedule of Changes in Total OPEB Liability and Related Ratios; Schedule of Proportionate Share of Net Pension Liability (Asset) and the Schedule of Contributions - Pension Plans 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 District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit - General Fund, Schedule of Project Expenditures - Capital Projects Fund and the Schedule of Net Investment in Capital Assets, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the District's internal control over financial reporting and compliance.

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2024

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

Highlights

- At June 30, 2024 total liabilities (what the District owes) exceeded its total assets (what the District owns) by \$8,763,975. At June 30, 2023, total liabilities exceeded total assets by \$8,527,357. Net Position decreased by \$236,028.
- Capital asset additions during 2024 amounted to \$683,017 primarily due to \$492,842 in building expenditures, \$76,948 for equipment purchases and \$113,227 for leased equipment.
- General revenue, which includes State aid, and property taxes, accounted for \$16,426,732 or 99.98% of all revenue. Program specific revenue in the form of charges for services accounted for \$2,612 or 0.02% of total revenue.
- Total expenses in the district-wide financial statements totaled \$16,665,372 and \$15,655,062 in 2024 and 2023 respectively.
- As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$6,226,557 and \$6,167,231 in 2024 and 2023, respectively, an increase of \$59,326 from 2023 to 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

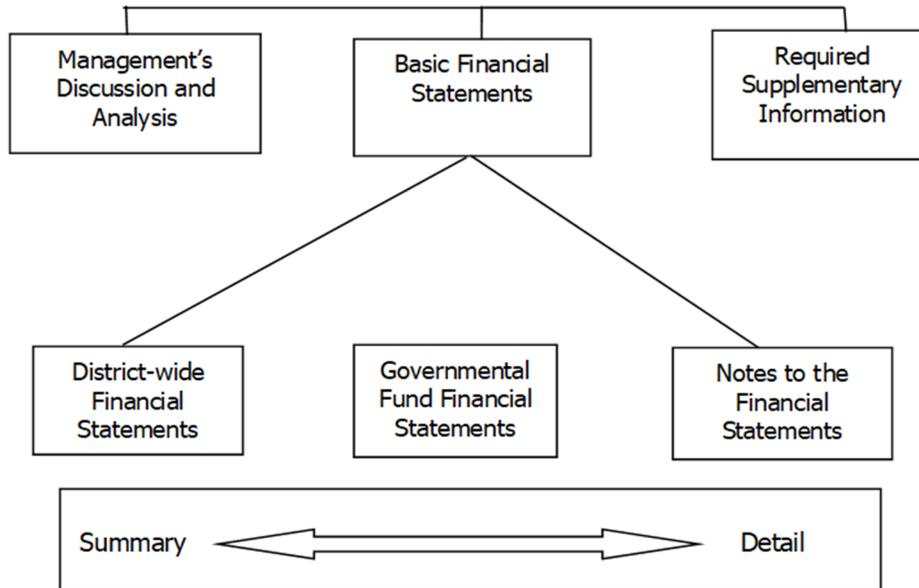
This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are Governmental fund financial statements that focus on individual activities of the District, reporting the operation in more detail than the District-wide statements.
- The Governmental fund statements tell how basic services, such as instruction and support functions, were financed in the short-term, as well as what remains for future spending.
- Fiduciary fund statements provide information about financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1 Organization of the District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-2 Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day to day operating activities of the District, such as instruction and special education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenue, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows-outflows of resources/liability information	All assets/deferred outflows and liabilities/deferred inflows, both financial capital, short-term and long-term	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included	All assets/deferred outflows and liabilities/deferred inflows; both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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

DISTRICT-WIDE STATEMENTS

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

The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, 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.
- For assessment of the overall health of the District, additional nonfinancial factors, such as changes in the property tax base and the condition of buildings and other facilities, should be considered.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position includes resources with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is net position that does not meet any of the above restrictions.

DISTRICT-WIDE STATEMENTS

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds

- **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 can readily be converted to cash flow in and out of the District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund 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 fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General fund, Special Aid fund, Debt Service fund, Capital Projects fund, School Lunch fund, Special Revenue fund, Extraclassroom Activity fund and Permanent fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and change in fund balance.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the District-wide governmental activities.

Table A-3 Condensed Statements of Net Position - Governmental Activities (in thousands)

	Fiscal Year <u>2024</u>	Fiscal Year <u>2023</u>	<u>Change</u>	
Current assets	\$ 7,010	\$ 6,963	\$ 47	0.7%
Non-current assets	<u>12,824</u>	<u>12,771</u>	<u>53</u>	<u>0.4%</u>
Total Assets	<u>19,834</u>	<u>19,734</u>	<u>100</u>	<u>0.5%</u>
Deferred outflows	<u>6,397</u>	<u>8,164</u>	<u>(1,767)</u>	<u>-21.6%</u>
Current liabilities	788	800	(12)	-1.5%
Long-term liabilities	<u>25,682</u>	<u>26,170</u>	<u>(488)</u>	<u>-1.9%</u>
Total liabilities	<u>26,470</u>	<u>26,970</u>	<u>(500)</u>	<u>-1.9%</u>
Deferred inflows	<u>8,524</u>	<u>9,455</u>	<u>(931)</u>	<u>-9.8%</u>
Net position:				
Net investment in capital assets	8,387	7,729	658	8.5%
Restricted	3,426	3,574	(148)	-4.1%
Unrestricted	<u>(20,577)</u>	<u>(19,830)</u>	<u>(747)</u>	<u>3.8%</u>
Total net position	<u>\$ (8,764)</u>	<u>\$ (8,527)</u>	<u>\$ (237)</u>	<u>2.8%</u>

In Table A-3, total assets at June 30, 2024 were \$100,344 higher than at June 30, 2023. Total liabilities decreased by \$500,041.

Deferred outflows/inflows account for the GASB No. 68 recording of pensions and GASB No. 75 recording of other post-employment benefits. The deferred outflows decreased \$1,767,342 and the deferred inflows decreased \$930,338.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Table A-4 Changes in Net Position from Operating Results – Governmental Activities (in thousands)

	Fiscal Year <u>2024</u>	Fiscal Year <u>2023</u>	\$ Change	Percent <u>Change</u>
Revenue				
Charges for services	\$ 3	\$ 14	\$ (11)	-78.6%
General Revenue				
Real property taxes	7,364	7,312	52	0.7%
Nonproperty tax	1,018	1,062	(44)	-4.1%
Use of money and property	284	95	189	198.9%
Sales of property and compensation for loss	7	12	(5)	-41.7%
Miscellaneous	730	755	(25)	-3.3%
State sources	6,289	5,365	924	17.2%
Federal sources	<u>734</u>	<u>1,195</u>	<u>(461)</u>	<u>-38.6%</u>
Total revenue	<u>16,429</u>	<u>15,810</u>	<u>619</u>	<u>3.9%</u>
Expenses:				
General government	2,390	2,101	289	13.8%
Instruction	13,170	12,398	772	6.2%
Pupil transportation	948	982	(34)	-3.5%
Interest	<u>158</u>	<u>174</u>	<u>(16)</u>	<u>-9.2%</u>
Total expenses	<u>16,665</u>	<u>15,655</u>	<u>1,011</u>	<u>6.5%</u>
Increase (decrease) in net position	<u>\$ (237)</u>	<u>\$ 155</u>	<u>\$ (392)</u>	<u>-252.9%</u>

Changes in Net Position

The District's total fiscal year 2024 revenues totaled \$16,428,753. (See Table A-4). Property taxes (including other tax items) and state and federal sources formula aid accounted for most of the District's revenue (See Table A-5). The remainder came from fees charged for services, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled \$16,665,372 for fiscal year 2024. These expenses are predominately related to instruction, which account for 79% of District expenses. (See Table A-6). The District's general support activities accounted for 14% of total costs.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Table A-5 Sources of Revenue for Fiscal Year 2024

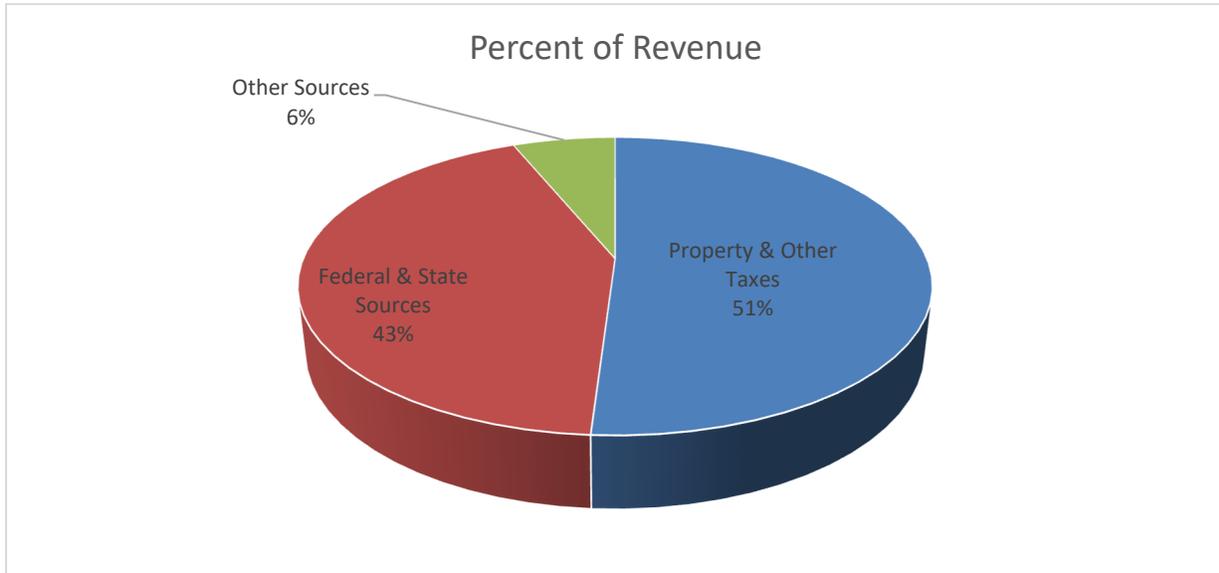
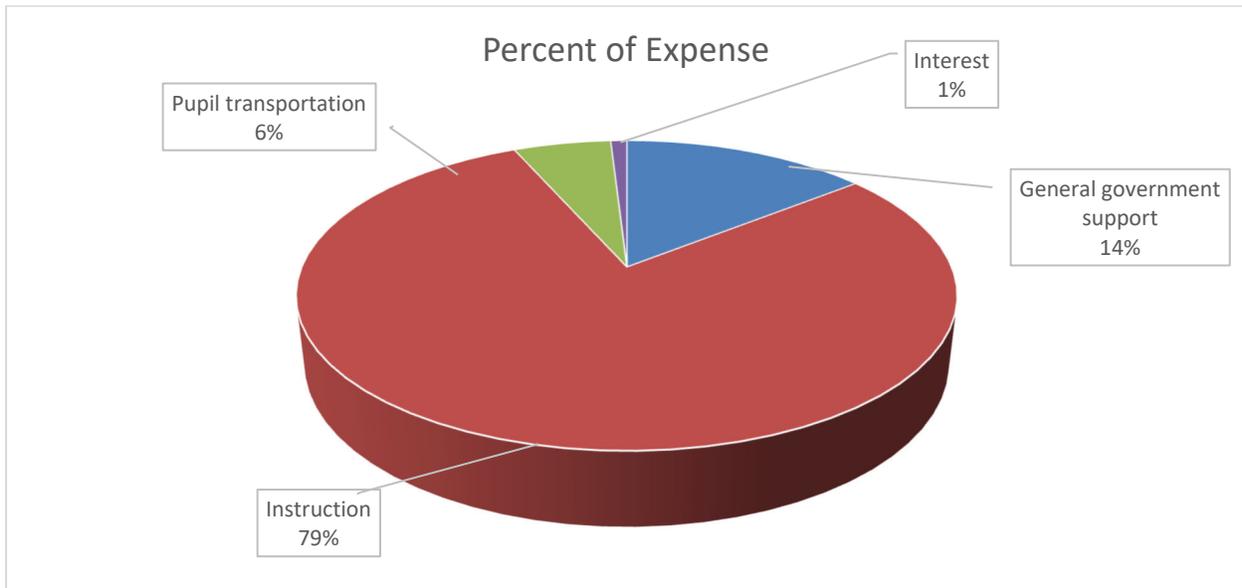


Table A-6 Expenses for Fiscal Year 2024



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt, liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

At June 30, 2023, the District, in its governmental funds, reported combined fund balances of \$6.17 million, a decrease of approximately \$309,526 from the prior year. The District's general fund operated at a surplus of approximately \$182,876.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General fund.

Table A-7 Results vs. Budget (in thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Enc.</u>	<u>Variance Positive/ (Negative)</u>
Revenue:					
Real property taxes	\$ 7,317	\$ 7,317	\$ 8,381	\$ -	\$ 6
State and federal sources	5,993	5,993	6,418	-	425
Other	<u>1,642</u>	<u>1,642</u>	<u>872</u>	-	<u>274</u>
Total	<u>14,952</u>	<u>14,952</u>	<u>15,671</u>	-	<u>719</u>
Expenditures					
General support	\$ 1,654	\$ 1,829	\$ 1,634	\$ 34	\$ 161
Instruction	9,383	10,240	9,139	418	683
Pupil transportation	688	714	657	1	56
Employee benefits	3,457	3,208	2,864	-	344
Debt service	1,082	780	875	-	(95)
Other financing (sources)	<u>113</u>	<u>113</u>	<u>113</u>	-	-
Total	<u>16,377</u>	<u>16,884</u>	<u>15,282</u>	<u>453</u>	<u>1,149</u>
Revenue over (under) expenditures	<u>\$ (1,425)</u>	<u>\$ (1,932)</u>	<u>\$ 389</u>	<u>\$ (453)</u>	<u>\$ 1,868</u>

The General fund is the only fund for which a budget is legally adopted. For the purposes of the above analysis the budget columns do not include appropriated fund balance.

The following significant variances between budget and actual occurred during fiscal 2024:

- State and federal revenue was higher than budget by approximately \$425,000. This line is difficult to budget and mainly consists of general aid payments in which the amount is set by the state and can vary by year due to a number of factors. In addition, miscellaneous revenue, which includes refunds of prior year expenditures, exceeded budget by approximately \$127,000. This line item is also difficult to budget and can vary year to year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

- The District experienced savings in all expenditure categories.

Capital Assets

As of June, 30, 2024, the District had an investment of \$12.82 million in a broad range of capital assets including land, buildings, buses, athletics facilities, computers, lease and other educational equipment.

Tables A-8 Capital Assets (net of depreciation)

	Fiscal Year <u>2024</u>	Fiscal Year <u>2023</u>	Percent <u>Change</u>
Category:			
Land	\$ 62	\$ 62	0.0%
CIP	3,281	2,818	16.4%
Buildings and improvements	8,722	9,037	-3.5%
Furniture and equipment	553	684	-19.2%
Leased equipment	<u>207</u>	<u>170</u>	21.8%
Total	<u>\$ 12,824</u>	<u>\$ 12,771</u>	0.4%

Long-Term Debt

At year-end, the District had \$4.4 million in general obligation bonds outstanding and installment purchase debt and \$21.3 million in other long-term liabilities. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table A-9 Outstanding Long-Term Debt

	Fiscal Year <u>2024</u>	Fiscal Year <u>2023</u>	Percent <u>Change</u>
Category:			
General obligation bonds	\$ 4,438	\$ 5,041	-12.0%
Net pension liability	627	1,006	-37.7%
Compensated absences	2,025	1,746	16.0%
Other postemployment benefit obligation	<u>18,592</u>	<u>18,377</u>	1.2%
Total	<u>\$ 25,682</u>	<u>\$ 26,170</u>	-1.9%

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: New York Mills Union Free School District Administrative Center, 1 Marauder Boulevard, New York Mills, New York 13417.

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,656,998
Cash and cash equivalents - restricted	3,236,964
Due from Federal, State and other governments	1,116,325
Total current assets	<u>7,010,287</u>

NON-CURRENT ASSETS:

Capital assets, non-depreciable	3,342,266
Capital assets, depreciable, net	9,481,616
Total noncurrent assets	<u>12,823,882</u>

Total assets 19,834,169

DEFERRED OUTFLOWS OF RESOURCES

Pension related-TRS	1,869,777
Pension related-ERS	329,228
OPEB related	4,197,730
Total deferred outflows of resources	<u>6,396,735</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	307,512
Due to teachers' retirement system	440,949
Due to employees' retirement system	35,270
Interest payable	4,367
Total current liabilities	<u>788,098</u>

LONG-TERM LIABILITIES:

Due and payable within one year -	
Bonds payable	540,000
Installment purchase debt	77,575
Other postemployment benefits	890,846
Due and payable after one year -	
Other postemployment benefits	17,701,351
Compensated absences	2,025,278
Bonds payable	2,580,000
Installment purchase debt	1,239,802
Net pension liability - ERS	354,492
Net pension liability - TRS	272,675
Total long-term liabilities	<u>25,682,019</u>

Total liabilities 26,470,117

DEFERRED INFLOWS OF RESOURCES

Pension related-TRS	161,970
Pension related-ERS	194,185
OPEB related	8,168,017
Total deferred inflows of resources	<u>8,524,172</u>

NET POSITION

Net investment in capital assets	8,386,505
Restricted	3,426,584
Unrestricted	<u>(20,576,474)</u>

TOTAL NET POSITION \$ (8,763,385)

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS:				
General governmental support	\$ 2,389,543	\$ -	\$ -	\$ (2,389,543)
Instruction	13,170,109	2,612	826,910	(12,340,587)
Pupil transportation	948,085	-	-	(948,085)
Debt service - interest	<u>157,636</u>	<u>-</u>	<u>-</u>	<u>(157,636)</u>
Total functions/programs	<u>\$ 16,665,372</u>	<u>\$ 2,612</u>	<u>\$ 826,910</u>	<u>(15,835,850)</u>
GENERAL REVENUE:				
Real property taxes				7,363,903
Other taxes				1,017,564
Use of money and property				284,343
Sale of property and compensation for loss				7,086
Miscellaneous				730,933
State sources				<u>6,195,993</u>
Total general revenue				<u>15,599,822</u>
CHANGE IN NET POSITION				(236,028)
NET POSITION - beginning of year				<u>(8,527,357)</u>
NET POSITION - end of year				<u>\$ (8,763,385)</u>

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024

	<u>General</u>	<u>Special Aid</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,571,263	\$ 42,933	\$ -	\$ 42,802	\$ 2,656,998
Cash and cash equivalents - restricted	1,769,925	-	1,402,298	64,741	3,236,964
Due from other funds	255,062	-	230	-	255,292
Due from Federal, State and other governments	<u>904,197</u>	<u>212,129</u>	<u>-</u>	<u>-</u>	<u>1,116,326</u>
Total assets	<u>5,500,447</u>	<u>255,062</u>	<u>1,402,528</u>	<u>107,543</u>	<u>7,265,580</u>
LIABILITIES					
Accounts payable and accrued liabilities	307,511	-	-	1	307,512
Due to other funds	-	255,062	-	230	255,292
Due to Teachers' Retirement System	440,949	-	-	-	440,949
Due to Employees' Retirement System	<u>35,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,270</u>
Total liabilities	<u>783,730</u>	<u>255,062</u>	<u>-</u>	<u>231</u>	<u>1,039,023</u>
FUND BALANCES					
Restricted					
Capital	1,113,873	-	-	-	1,113,873
Debt service	-	-	1,402,528	-	1,402,528
Employee Benefit	421,620	-	-	-	421,620
Repair	35,000	-	-	-	35,000
Retirement	167,404	-	-	-	167,404
Other	-	-	-	107,312	107,312
Tax Certiorari	<u>178,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,847</u>
Total restricted fund balance	<u>1,916,744</u>	<u>-</u>	<u>1,402,528</u>	<u>107,312</u>	<u>3,426,584</u>
Assigned					
Encumbrances	453,489	-	-	-	453,489
Appropriated for subsequent years expenditures	<u>1,670,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,670,472</u>
Total assigned fund balance	<u>2,123,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,123,961</u>
Unassigned	<u>676,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>676,012</u>
Total fund balances	<u>4,716,717</u>	<u>-</u>	<u>1,402,528</u>	<u>107,312</u>	<u>6,226,557</u>
Total liabilities and fund balance	<u>\$ 5,500,447</u>	<u>\$ 255,062</u>	<u>\$ 1,402,528</u>	<u>\$ 107,543</u>	<u>\$ 7,265,580</u>

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position June 30, 2024

Fund balance - Total Governmental funds	\$ 6,226,557
Capital assets (including leased assets) used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,823,882
Deferred outflows/inflows of resources related to pensions are applicable to future periods and; therefore, are not reported in the funds.	
Deferred outflows - ERS/TRS	2,199,005
Deferred inflows - ERS/TRS	(356,155)
Deferred outflows/inflows of resources related to other postemployment benefits are applicable to future periods and, therefore are not reported in the funds.	
Deferred outflows - OPEB	4,197,730
Deferred inflows - OPEB	(8,168,017)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability - ERS	(354,492)
Net pension liability - TRS	(272,675)
Interest on bonds payable is not due and payable in the current period and; therefore, not reported in the funds.	(4,367)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(3,120,000)
Installment purchase debt	(1,317,377)
Other postemployment benefits	(18,592,198)
Compensated absences	<u>(2,025,278)</u>
Net Position of Governmental Activities	<u>\$ (8,763,385)</u>

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General</u>	<u>Special Aid</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE:					
Real property taxes	\$ 7,363,903	\$ -	\$ -	\$ -	\$ 7,363,903
Other tax items	1,017,564	-	-	-	1,017,564
Charges for services	2,612	-	-	-	2,612
Use of money and property	234,549	-	48,461	1,333	284,343
Sale of property and compensation for loss	7,086	-	-	-	7,086
Miscellaneous	627,455	-	-	103,478	730,933
State sources	6,195,993	92,987	-	-	6,288,980
Federal sources	<u>222,233</u>	<u>511,690</u>	<u>-</u>	<u>-</u>	<u>733,923</u>
Total revenue	<u>15,671,395</u>	<u>604,677</u>	<u>48,461</u>	<u>104,811</u>	<u>16,429,344</u>
EXPENDITURES:					
General support	1,633,677	-	-	120,788	1,754,465
Instruction	9,138,775	600,052	-	-	9,738,827
Pupil transportation	657,061	17,975	-	-	675,036
Employee benefits	2,864,039	-	-	-	2,864,039
Capital outlays	113,227	-	-	462,473	575,700
Debt service -					
Principal	717,443	-	-	-	717,443
Interest	<u>157,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,735</u>
Total expenditures	<u>15,281,957</u>	<u>618,027</u>	<u>-</u>	<u>583,261</u>	<u>16,483,245</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>389,438</u>	<u>(13,350)</u>	<u>48,461</u>	<u>(478,450)</u>	<u>(53,901)</u>
OTHER FINANCING SOURCES AND (USES):					
Proceeds from lease	113,227	-	-	-	113,227
Transfers in	-	13,350	-	100,000	113,350
Transfers out	<u>(113,350)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,350)</u>
Total other financing sources (uses)	<u>(123)</u>	<u>13,350</u>	<u>-</u>	<u>100,000</u>	<u>113,227</u>
CHANGE IN FUND BALANCE	389,315	-	48,461	(378,450)	59,326
FUND BALANCE - beginning of year	<u>4,327,402</u>	<u>-</u>	<u>1,354,067</u>	<u>485,762</u>	<u>6,167,231</u>
FUND BALANCE - end of year	<u>\$ 4,716,717</u>	<u>\$ -</u>	<u>\$ 1,402,528</u>	<u>\$ 107,312</u>	<u>\$ 6,226,557</u>

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported in the Statement of Revenue, Expenditures, and Change in Fund Balance because:

Net change in fund balance - total governmental funds	\$ 59,326
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	
Capital asset additions	569,790
Capital asset disposals	(38,745)
Depreciation expense and amortization expense	(590,999)
ERS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.	
Net pension liability/asset	178,708
Deferred outflows of resources	(69,769)
Deferred inflows of resources	(165,268)
TRS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.	
Net pension liability/asset	199,911
Deferred outflows of resources	(675,759)
Deferred inflows of resources	93,536
Other postemployment benefits (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.	
Other postemployment benefits liability	(215,233)
Deferred outflows of resources	(1,021,814)
Deferred inflows of resources	1,002,070
Repayments of debt service principal and lease liabilities are recorded as expenditures in the governmental funds, but are recorded as a reduction of liabilities in the Statement of Net Position.	717,443
Certain expenses in the statement of activities do not require the use of current resources and are; therefore, not reported as expenditures in the governmental funds:	
Change in accrued interest payable	99
Change in compensated absences	<u>(279,324)</u>
Change in net position - governmental activities	<u>\$ (236,028)</u>

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2024

	Private Purpose <u>Trusts</u>
ASSETS:	
Cash and cash equivalents - restricted	\$ <u>39,639</u>
TOTAL ASSETS	\$ <u><u>39,639</u></u>
NET POSITION:	
Restricted for scholarships	\$ <u>39,639</u>
Total net position	<u>39,639</u>
TOTAL NET POSITION	\$ <u><u>39,639</u></u>

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

**STATEMENT OF CHANGE IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Private Purpose <u>Trusts</u>
ADDITIONS:	
Donations	\$ 100
Investment earnings	<u>1,592</u>
Total additions	<u>1,692</u>
DEDUCTIONS:	
Scholarships and awards	<u>7,900</u>
CHANGE IN NET POSITION	(6,208)
NET POSITION - beginning of year	<u>45,847</u>
NET POSITION - end of year	<u>\$ 39,639</u>

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

1. NATURE OF OPERATIONS

New York Mills Union Free School District (the District) provides K-12 public education to students living within its geographic borders.

Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) standards and consists of the primary government, and when applicable, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financials statements to be misleading or incomplete.

Extraclassroom Activity Funds

The extraclassroom activity funds (ECA) of the District represent funds of the students of the District. The BOE exercises general oversight of these funds. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for ECA in a non-major special revenue fund called Extraclassroom Activities.

Joint Venture

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES board as a corporation (§1950(6)). In addition, BOCES boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

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

1. NATURE OF OPERATIONS (Continued)

Joint Venture (Continued)

During the year, the District was billed \$4,495,110 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,160,724.

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Presentation

The District's financial statements consist of district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

District-Wide Statements

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

The statement of activities presents a comparison between direct expenses and program revenue 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 revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

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 governmental funds:

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

Debt Service Fund - This fund is used to account for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of the governmental activities.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

Capital Projects Fund - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Special Revenue Fund - These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The following are the special revenue funds reported by the District:

Special Aid Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations.

Extraclassroom Activities Fund - This fund accounts for the activities of the student run clubs and organization of the District.

The District reports the following major funds: General Fund, Special Aid Fund and Debt Service Fund.

The District reports the following fiduciary fund:

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

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 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 sixty days after the end of the fiscal year.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 capital leases are reported as other financing sources.

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Restricted Cash and Cash Equivalents

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

Due from Federal, State and Other Governments

Due from Federal, New York State and other governments relates to receivables from New York State, the Federal government and BOCES. Management does not believe an allowance for doubtful accounts is necessary.

Property Taxes

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31. Taxes not collected by October 31 are turned over to the County who assumes all responsibility for collection. Uncollected real property taxes are subsequently enforced by the County(ies) in which the District is located. The County(ies) pay an amount representing uncollected real property taxes transmitted to the County(ies) for enforcement to the District no later than the following April 1.

Tax Abatement Program

The District is subject to tax abatements granted by the Oneida County Industrial Development Agency. The Agency was created in accordance with New York State Industrial Development Agency Act of 1969 to promote and develop the economic growth within the County and to assist in attracting industry to the County through various programs and other activities. The tax abatements are for the acquisition, construction and renovation of various properties in Oneida County. The total property taxes collected under the PILOT agreements for the year ended June 30, 2024 were \$267,136.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services. The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

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

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2003. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 1,000	SL	20-40 years
Furniture and equipment	\$ 1,000	SL	5-15 years

Capital assets also includes lease assets with a term greater than one year. The District does not implement a capitalization threshold for lease assets. Leased assets are amortized on a straight-line basis over the term of the lease.

Vested Employee Benefits

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

The liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Benefits

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

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

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The 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 (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. All deferred inflows and deferred outflows relate to pension plans and postemployment benefits. Amortization is expensed against pension and postemployment benefit expense in future periods.

Short-Term Debt

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

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. No RANs, TANs, or BANs were issued during the year, or outstanding at year ending June 30, 2024.

Accrued Liabilities and Long-Term Obligations

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

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

Restricted Resources

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

District-Wide Statements - Equity Classifications

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

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

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

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

Governmental Fund Financial Statements - Equity Classifications

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

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District did not have nonspendable fund balance at June 30, 2024.

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

Capital Reserves - Building, Transportation and Vehicles

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

Repair

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, that are of a type not recurring annually. The BOE, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the General Fund.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefit Reserve

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

Tax Certiorari

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

Debt Service

According to General Municipal Law §6-l, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

Other

Other restricted fund balance amounts in the School Lunch Fund, Extraclassroom Activities Fund, Miscellaneous Special Revenue Fund, and Permanent Fund are restricted for the purposes of those funds.

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, the BOE. The District has no committed fund balance as of June 30, 2024.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance in the General Fund. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

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

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year's budget and encumbrances are also excluded from the 4% limitation.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy

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

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from these estimates, and such differences may be significant.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund. The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

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

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

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

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets (Continued)

Portions of the fund balances are restricted and are not available for current expenditures or expenses, as reported in the governmental funds balance sheet.

Encumbrances

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

4. CASH

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

As of June 30, 2024, the District's aggregate bank balances were insured and collateralized as follows:

<u>Description</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary government	\$ 5,427,897	\$ 5,893,962
Fiduciary funds	<u>39,639</u>	<u>39,639</u>
Cash and cash equivalents	<u>\$ 5,467,536</u>	<u>\$ 5,933,601</u>
Category 1:		
Covered by FDIC insurance	\$ 500,000	
Category 2:		
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	<u>5,400,000</u>	
	<u>\$ 5,900,000</u>	

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 61,500	\$ -	\$ -	\$ 61,500
Construction in progress	<u>2,818,293</u>	<u>462,473</u>	<u>-</u>	<u>3,280,766</u>
Total Capital assets, not being depreciated	<u>2,879,793</u>	<u>462,473</u>	<u>-</u>	<u>3,342,266</u>
Capital assets, being depreciated				
Buildings and improvements	18,016,460	30,369	-	18,046,829
Furniture and equipment	<u>5,134,977</u>	<u>76,948</u>	<u>(38,745)</u>	<u>5,173,180</u>
Total Capital assets being depreciated	<u>23,151,437</u>	<u>107,317</u>	<u>(38,745)</u>	<u>23,220,009</u>
Less accumulated depreciation				
Buildings and improvements	(8,979,742)	(345,106)	-	(9,324,848)
Furniture and equipment	<u>(4,451,300)</u>	<u>(191,576)</u>	<u>22,431</u>	<u>(4,620,445)</u>
Total accumulated depreciation	<u>(13,431,042)</u>	<u>(536,682)</u>	<u>22,431</u>	<u>(13,945,293)</u>
Total capital assets, net	<u>12,600,188</u>	<u>33,108</u>	<u>(16,314)</u>	<u>12,616,982</u>
Lease assets, being amortized				
Equipment	<u>290,735</u>	<u>113,227</u>	<u>(28,770)</u>	<u>375,192</u>
Total lease assets, being amortized	<u>290,735</u>	<u>113,227</u>	<u>(28,770)</u>	<u>375,192</u>
Less accumulated amortization				
Equipment	<u>(120,313)</u>	<u>(76,749)</u>	<u>28,770</u>	<u>(168,292)</u>
Total accumulated amortization	<u>(120,313)</u>	<u>(76,749)</u>	<u>28,770</u>	<u>(168,292)</u>
Total lease assets, being amortized, net	<u>170,422</u>	<u>36,478</u>	<u>-</u>	<u>206,900</u>
Governmental activities capital assets, net	<u>\$ 12,770,610</u>	<u>\$ 69,586</u>	<u>\$ (16,314)</u>	<u>\$ 12,823,882</u>

5. CAPITAL ASSETS (Continued)

Depreciation and amortization was charged to government activities as follows:

	<u>Depreciation</u>	Amortization
General support	\$ 91,236	\$ -
Instruction	407,879	76,749
Pupil transportation	<u>37,568</u>	<u>-</u>
Total	<u>\$ 536,682</u>	<u>\$ 76,749</u>

6. LEASES

The District leases various copiers and equipment, primarily from Madison-Oneida Board of Cooperative Educational Service and Oneida-Herkimer-Madison BOCES. The leases do not contain renewal options. Lease agreements are summarized as follows:

<u>Description</u>	<u>Inception Date</u>	<u>Term (in months)</u>	<u>Interest Rate/ Discount Rate</u>	<u>Total Initial Lease Liability</u>
Equipment	5/31/2023	61	3.54%	\$ 33,461
Equipment	5/31/2023	61	3.54%	\$ 2,695
Equipment	1/31/2024	60	3.65%	\$ 38,188
Equipment	2/12/2024	60	3.65%	\$ 75,039
<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
\$ -	\$ 113,227	\$ (113,227)	\$ -	\$ -

7. INTERFUND BALANCES AND ACTIVITY

	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 255,062	\$ -	\$ -	\$ 113,350
Special Aid	-	255,062	13,350	-
Debt Service	230	-	-	-
Capital Projects	<u>-</u>	<u>230</u>	<u>100,000</u>	<u>-</u>
Total	<u>\$ 255,292</u>	<u>\$ 255,292</u>	<u>\$ 113,350</u>	<u>\$ 113,350</u>

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

8. LONG-TERM OBLIGATIONS

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

	<u>Beginning Balance</u>	<u>{a} Additions</u>	<u>{a} Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental activities:					
Serial bonds	\$ 3,650,00	\$ -	\$ (530,000)	\$ 3,120,000	\$ 540,000
Installment purchase debt	<u>1,391,593</u>	<u>-</u>	<u>(74,216)</u>	<u>1,317,377</u>	<u>77,575</u>
Total bonds and installment purchase debt	<u>\$ 5,041,593</u>	<u>\$ -</u>	<u>\$ (604,216)</u>	<u>\$ 4,437,377</u>	<u>\$ 617,575</u>
Other liabilities					
Total other postemployment benefits	\$ 18,376,964	\$ 215,233	\$ -	\$ 18,592,197	\$ -
Compensated absences	1,745,954	279,324	-	2,025,278	-
Net pension obligation - ERS	533,200	-	(178,708)	354,492	-
Net pension obligation – TRS	<u>472,586</u>	<u>-</u>	<u>(199,911)</u>	<u>272,675</u>	<u>-</u>
Total other liabilities	<u>\$ 21,128,704</u>	<u>\$ 494,557</u>	<u>\$ 378,619</u>	<u>\$ 21,244,642</u>	<u>\$ -</u>

{a} Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

Issue dates, maturities, and interest rates on outstanding debt are as follows:

Issue	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance Due</u>
2010 Serial Bond	6/28/2010	6/15/2025	4.00%	\$ 220,000
2018 Serial Bond	6/21/2018	6/15/2033	2.75%	2,220,000
2022 Serial Bond	6/21/2022	6/15/2037	3.33%	680,000
Installment purchase	4/29/2022	6/15/2038	2.987%	<u>1,317,377</u>
Total bonds and installment purchase debt				<u>\$ 4,437,377</u>

8. LONG-TERM OBLIGATIONS (Continued)

The following is a summary of the maturity of long-term indebtedness as of June 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 617,021	\$ 136,807	\$ 753,828
2026	409,338	115,792	525,130
2027	366,726	103,191	469,917
2028	379,184	92,033	471,217
2029	391,719	80,501	472,220
2030-2034	1,704,342	221,227	1,925,569
2035-2038	<u>569,047</u>	<u>38,628</u>	<u>607,675</u>
Totals	<u>\$ 4,437,377</u>	<u>\$ 788,179</u>	<u>\$ 5,225,556</u>

9. PENSION PLANS

New York State Employee's Retirement System

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

The System is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2024	\$ 114,027
2023	\$ 97,818
2022	\$ 132,235

9. PENSION PLANS (Continued)

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

At June 30, 2024, the District reported a liability of \$354,492 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2023. The District's proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024, the District's proportion was 0.0024076%, which was a decrease of 0.0000789% from its proportion measured June 30, 2023.

For the year ended June 30, 2024 the District recognized pension expense of \$176,703. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
ERS		
Differences between expected and actual experience	\$ 114,182	\$ 9,666
Changes of assumptions	134,026	-
Net difference between projected and actual earnings on pension plan investments	-	173,168
Changes in proportion and differences between the District's contributions and proportionate share of contributions	45,751	11,351
Contributions subsequent to the measurement date	<u>35,270</u>	<u>-</u>
Totals	<u>\$ 329,228</u>	<u>\$ 194,185</u>

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

ERS Plan's Year Ended March 31:	Amount
2025	\$ (50,199)
2026	76,578
2027	109,158
2028	<u>(35,763)</u>
Total	<u>\$ 99,774</u>

The District reported contributions subsequent to the measurement date of \$35,270 that would be recognized in the year ended June 30, 2025.

9. PENSION PLANS (Continued)

Actuarial Assumptions

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

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.90%
Salary scale	4.4% indexed by service
Projected COLAS	1.5% compounded annually
Decrements	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2021
Investment Rate of Return	5.9% compounded annually, net of investment expenses

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocations</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32.0%	4.00%
International Equity	15.0%	6.65%
Private Equity	10.0%	7.25%
Real Estate	9.0%	4.60%
Opportunistic/ARS Portfolio	3.0%	5.25%
Credit	4.0%	5.40%
Real Asset	3.0%	5.79%
Fixed Income	23.0%	1.50%
Cash	1.0%	0.25%
	<u>100%</u>	

Discount Rate

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

9. PENSION PLANS (Continued)

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

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

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 1,114,560</u>	<u>\$ 354,492</u>	<u>\$ (280,322)</u>

Pension Plan Fiduciary Net Position (000)'s

Total pension liability	\$ 240,696,851
Plan net position	<u>225,972,801</u>
Net pension liability	<u>\$ 14,724,050</u>
ERS net position	93.88%

New York State Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. NYSTRS offers 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.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except those employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

9. PENSION PLANS (Continued)

The District is required to contribute at an actuarially determined rate. The District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>TRS</u>	
2024	\$	414,122
2023	\$	453,147
2022	\$	427,567

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

At June 30, 2024, the District reported \$272,675 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension asset used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024, the District's proportion was 0.023844%, which was a decrease of 0.000784% from its proportion measured June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$768,285. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 661,164	\$ 1,634
Changes of assumptions	587,062	127,947
Net difference between projected and actual earnings on pension plan investments	139,386	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	41,216	32,389
Contributions subsequent to the measurement date	<u>440,949</u>	<u>-</u>
Total	<u>\$ 1,869,777</u>	<u>\$ 161,970</u>

The District reported contributions subsequent to the measurement date that would be recognized in the year ended June 30, 2025 in the amount of \$440,949.

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<u>TRS Plan's Year Ended June 30:</u>	<u>Amount</u>
2025	\$ 100,113
2026	(137,582)
2027	1,099,734
2028	88,254
2029	71,095
Thereafter	<u>45,244</u>
Total	<u>\$ 1,266,858</u>

9. PENSION PLANS (Continued)

Actuarial Assumptions

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

Inflation	2.40%										
Projected Salary Increases	Rates of increase differ on services. They have been calculated based upon recent NYSTRS member experience.										
	<table><thead><tr><th><u>Service</u></th><th><u>Rate</u></th></tr></thead><tbody><tr><td>5</td><td>5.18%</td></tr><tr><td>15</td><td>3.64%</td></tr><tr><td>25</td><td>2.50%</td></tr><tr><td>35</td><td>1.95%</td></tr></tbody></table>	<u>Service</u>	<u>Rate</u>	5	5.18%	15	3.64%	25	2.50%	35	1.95%
<u>Service</u>	<u>Rate</u>										
5	5.18%										
15	3.64%										
25	2.50%										
35	1.95%										
Projected COLAs	1.3% compounded annually.										
Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021 for June 30, 2023, applied on a generational basis.

The demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions. For full details, please refer to the Recommended Actuarial Assumptions 2021 Report, which can be found on the System's website located at www.nystrs.org.

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

9. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

The Long-Term Expected Real Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2023 are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocations</u>	<u>Long-Term Expected Real Return of Return</u>
Domestic equity	33%	6.8%
International equity	15%	7.6%
Global equity	4%	7.2%
Real estate equity	11%	6.3%
Private equity	9%	10.1%
Domestic fixed income	16%	2.2%
Global bonds	2%	1.6%
Private debt	2%	6.0%
Real estate debt	6%	3.2%
High-yield bonds	1%	4.4%
Cash equivalents	<u>1%</u>	<u>0.3%</u>
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1% Decrease (5.95%)</u>	<u>Current Discount (6.95%)</u>	<u>1% Increase (7.95%)</u>
Proportionate Share of Net Pension liability	<u>\$ 4,152,981</u>	<u>\$ 272,675</u>	<u>\$ (2,990,830)</u>

9. PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position (000's)

The components of the current year net pension liability of the employers as of June 30, 2023, were as follows:

Total pension liability	\$ 138,365,122
Plan net position	<u>137,221,537</u>
Net pension liability	<u>\$ 1,143,585</u>
NYSTRS net position as a percentage of total	99.2%

10. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION

Plan Description

The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees and beneficiaries in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. The District is required to calculate and record an other postemployment benefit (OPEB) obligation at year-end. The net OPEB obligation is the cumulative difference between the actuarially required contribution and the actual contributions made.

The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms

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

Actives	79
Inactive employees or beneficiaries currently receiving benefits	<u>47</u>
Total participants	<u>126</u>

Total OPEB Liability

The District's total OPEB liability of \$18,592,197 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

Balance at June 30, 2023	\$ 18,376,964
Changes for the Year	
Service cost	693,179
Interest	689,525
Changes of benefit terms	-
Changes in assumptions	(806,147)
Differences between expected and actual experience	-
Benefit payments	<u>(361,324)</u>
Net changes	<u>215,233</u>
Balance at June 30, 2024	<u>\$ 18,592,197</u>

10. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Payroll Growth, including inflation	2.40%
Discount Rate	3.93%
Healthcare Cost Trend Rates	6.4% decreasing to 3.8% over 54 years
Cost Method	Entry Age Normal Level

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were RP-2014 adjusted to 2006 Total Data Set Mortality Table projected to the valuation date with Scale MP-2017.

The actuarial assumptions used in the July 1, 2021 valuation were not based on a formal actuarial experience study. The liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions, and was then projected forward to the measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease <u>(2.93%)</u>	Current Discount <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
Total OPEB Liability	\$ <u>21,930,683</u>	\$ <u>18,592,197</u>	\$ <u>15,922,782</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ <u>15,467,831</u>	\$ <u>18,592,197</u>	\$ <u>22,640,263</u>

10. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

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 \$596,301. 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 <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between actual and expected experience	\$ 793,604	\$ (5,442,445)
Changes of assumptions	<u>3,404,126</u>	<u>(2,725,572)</u>
 Total	 <u>\$ 4,197,730</u>	 <u>\$ (8,168,017)</u>

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

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2025	\$ (786,403)
2026	(725,771)
2027	(584,717)
2028	(851,541)
2029	(887,498)
Thereafter	<u>(134,357)</u>
	 <u>\$ (3,970,287)</u>

11. RISK MANAGEMENT

General

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

Health Insurance

The District incurs costs related to an employee health insurance plan (the Plan) sponsored by BOCES and its component districts. The Plan’s objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of one year and a member district may withdraw from the plan after that time by providing notice to the consortium prior to May 1st immediately preceding the commencement of the next school year. Plan members include nine districts, with each district bearing a proportionate share of the plan’s assets and claims liabilities. If the Plan’s assets were to be exhausted, members would be responsible for the Plan’s liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured.

11. RISK MANAGEMENT (Continued)

Health Insurance (Continued)

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2024, the District incurred premiums or contribution expenditures totaling approximately \$1.85 million.

The Plan is audited on an annual basis and the audited statements are available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2023 revealed that the Plan is fully funded.

Worker's Compensation

The District incurs costs related to a worker's compensation insurance plan (the Insurance Plan) sponsored by BOCES and its component districts. The Insurance Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Insurance Plan must remain members for a minimum of one year; a member district may withdraw from the Insurance Plan after that time by forwarding a resolution passed by the District's Board of Education prior to the end of the fiscal year. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Insurance Plan's assets were to be exhausted, members would be responsible for the Insurance Plan's liabilities.

The Insurance Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Insurance Plan as direct insurer of the risks reinsured.

The Insurance Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims that have been reported. Adjustments to claims liabilities are charged or credited to expense in the period in which they are made.

During the year ended June 30, 2024, the District incurred premiums or contribution expenditures totaling approximately \$46,000.

The Plan is audited on an annual basis and the audited statements are available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2023 revealed that the Plan is fully funded.

Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. There were no claims for this program for the fiscal year. In addition, as of June 30, 2024, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

12. CONTINGENCIES AND COMMITMENTS

Litigation

The District has also been named as a defendant in certain other actions. The District intends to defend itself vigorously in each of these cases. Accordingly, no loss contingency has been accrued.

Other Contingencies

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

13. DONOR RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted to use by the donor for the purposes of student scholarships. These funds are accounted for in the Fiduciary Funds as a Private Purpose Trust

**REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)**

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Encumbrances	Actual on a Budgetary Basis	Final Budget Variance with Budgetary Actual
REVENUE						
Real property taxes	\$ 7,317,286	\$ 7,317,286	\$ 7,363,903	\$ -	\$ 7,363,903	\$ 46,617
Other tax items	1,058,000	1,058,000	1,017,564	-	1,017,564	(40,436)
Charges for services	1,500	1,500	2,612	-	2,612	1,112
Use of money and property	82,000	82,000	234,549	-	234,549	152,549
Sale of property and compensation for loss	-	-	7,086	-	7,086	7,086
Miscellaneous	500,000	500,000	627,455	-	627,455	127,455
State sources	5,787,164	5,787,164	6,195,993	-	6,195,993	408,829
Federal sources	206,025	206,025	222,233	-	222,233	16,208
Total revenue	<u>14,951,975</u>	<u>14,951,975</u>	<u>15,671,395</u>	<u>-</u>	<u>15,671,395</u>	<u>719,420</u>
EXPENDITURES						
GENERAL SUPPORT:						
Board of education	31,950	30,352	6,942	-	6,942	23,410
Central administration	223,500	236,900	233,250	-	233,250	3,650
Finance	204,025	213,525	198,223	750	198,973	14,552
Staff	91,000	190,979	151,488	25,000	176,488	14,491
Central services	886,396	941,534	859,565	8,724	868,289	73,245
Special items	216,850	215,410	184,209	-	184,209	31,201
Total general support	<u>1,653,721</u>	<u>1,828,700</u>	<u>1,633,677</u>	<u>34,474</u>	<u>1,668,151</u>	<u>160,549</u>
Instruction	9,382,705	10,240,052	9,138,775	418,032	9,556,807	683,245
Pupil transportation	688,160	713,591	657,061	779	657,840	55,751
Employee benefits	3,456,931	3,208,355	2,864,039	204	2,864,243	344,112
Capital Outlays	-	-	113,227	-	113,227	(113,227)
Debt service	1,081,608	779,999	875,178	-	875,178	(95,179)
Total expenditures	<u>16,263,125</u>	<u>16,770,697</u>	<u>15,281,957</u>	<u>453,489</u>	<u>15,622,219</u>	<u>1,148,478</u>
Excess (deficiency) of revenue over expenditures	<u>(1,311,150)</u>	<u>(1,818,722)</u>	<u>389,438</u>	<u>(453,489)</u>	<u>49,176</u>	<u>1,867,898</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from lease	-	-	113,227	-	113,227	113,227
Transfers out	(113,350)	(113,350)	(113,350)	-	(113,350)	-
Total other financing sources (uses)	<u>(113,350)</u>	<u>(113,350)</u>	<u>(123)</u>	<u>-</u>	<u>(123)</u>	<u>113,227</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,424,500)</u>	<u>\$ (1,932,072)</u>	<u>389,315</u>	<u>\$ (453,489)</u>	<u>\$ 49,053</u>	<u>\$ 1,981,125</u>
FUND BALANCE - beginning of year			<u>4,327,402</u>			
FUND BALANCE - end of year			<u>\$ 4,716,717</u>			

The accompanying notes are an integral part of these statements

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	Last 10 Fiscal Years						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	693,179	628,024	816,611	\$ 1,365,822	\$ 933,537	\$ 800,656	\$ 777,336
Interest	689,525	598,660	598,681	584,659	601,303	529,701	500,324
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	13,341
Changes in assumptions	(806,147)	1,039,559	(11,704,590)	253,261	7,757,141	(1,556,128)	-
Benefit payments	(361,324)	(342,142)	(314,118)	(471,037)	(426,204)	(342,392)	(327,937)
Total change in total OPEB liability	215,233	1,924,101	(10,603,416)	1,732,705	8,865,777	(568,163)	963,064
Total OPEB liability - beginning	18,376,964	16,452,863	27,056,279	25,323,574	16,457,797	17,025,960	16,062,896
Total OPEB liability - ending (a)	<u>\$ 18,592,197</u>	<u>\$ 18,376,964</u>	<u>\$ 16,452,863</u>	<u>\$ 27,056,279</u>	<u>\$ 25,323,574</u>	<u>\$ 16,457,797</u>	<u>\$ 17,025,960</u>
Covered-employee payroll	4,667,796	4,584,521	\$ 4,584,521	\$ 5,026,933	\$ 5,026,933	\$ 5,364,320	\$ 5,364,320
Total OPEB liability as a percentage of covered-employee payroll	398.3%	400.8%	358.9%	538.2%	503.8%	306.8%	317.4%

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Plan assets. No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.0024076%	0.0024865%	0.0023518%	0.0024909%	0.0024417%	0.0023316%	0.0025094%	0.0025478%	0.0029002%	0.0033057%
Proportionate share of the net pension liability (asset)	\$ 354,492	533,200	(192,251)	2,480	646,566	165,203	\$ 80,991	\$ 239,397	\$ 465,485	\$ 111,673
Covered-employee payroll	\$ 909,534	884,753	869,781	900,878	915,776	984,031	\$ 1,019,199	\$ 961,381	\$ 1,052,166	\$ 1,032,506
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.98%	60.27%	-22.10%	0.28%	70.60%	16.79%	7.95%	24.90%	44.24%	10.82%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.94%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.023844%	0.024628%	0.024537%	0.024521%	2.410700%	0.024294%	0.022838%	0.002349%	0.024474%	0.023251%
Proportionate share of the net pension liability (asset)	\$ 272,675	472,586	(4,252,014)	677,570	(626,306)	(439,301)	\$ (173,595)	\$ 251,542	\$ (2,542,027)	\$ (2,590,061)
Covered-employee payroll	\$ 4,243,050	4,403,759	4,164,704	4,161,916	\$ 4,023,879	\$ 3,957,232	\$ 3,619,135	\$ 3,624,087	\$ 3,676,266	\$ 3,434,594
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.43%	10.73%	-102.10%	16.28%	-15.56%	-11.10%	-4.80%	6.94%	-69.15%	-75.41%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.20%	98.57%	113.25%	97.76%	102.17%	101.53%	99.01%	110.46%	110.46%	111.48%

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 114,846	\$ 97,818	\$ 132,235	\$ 127,316	\$ 131,776	\$ 144,822	\$ 151,099	\$ 145,348	\$ 194,829	\$ 199,373
Contributions in relation to the contractually required contribution	114,846	97,818	132,235	127,316	131,776	144,822	151,099	145,348	194,829	199,373
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	909,534	884,753	869,781	900,878	\$ 915,776	\$ 984,031	\$ 1,019,199	\$ 961,381	\$ 1,052,166	\$ 1,032,506
Contributions as a percentage of covered-employee payroll	12.63%	11.06%	15.20%	14.13%	14.39%	14.72%	14.83%	15.12%	18.52%	19.31%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	-	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 414,122	\$ 453,147	\$ 427,567	\$ 396,896	\$ 368,745	\$ 387,809	\$ 424,163	\$ 480,554	\$ 644,449	\$ 581,415
Contributions in relation to the contractually required contribution	414,122	453,147	427,567	396,896	368,745	387,809	424,163	480,554	644,449	581,415
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,243,050	4,403,759	4,164,704	\$ 4,161,916	\$ 4,023,879	\$ 3,957,232	\$ 3,619,135	\$ 3,624,087	\$ 3,676,266	\$ 3,434,594
Contributions as a percentage of covered-employee payroll	9.80%	10.27%	10.27%	9.16%	9.16%	9.80%	11.72%	13.26%	17.53%	16.93%

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SUPPLEMENTARY INFORMATION

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024**

	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Extraclassroom Activities</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS:				
Cash - Unrestricted	\$ 42,802	\$ -	\$ -	\$ 42,802
Cash - Restricted	<u>-</u>	<u>1,259</u>	<u>63,482</u>	<u>64,741</u>
TOTAL ASSETS	<u>42,802</u>	<u>1,259</u>	<u>63,482</u>	<u>107,543</u>
LIABILITIES:				
Accounts payable and accrued liabilities	-	1	-	1
Due to other funds	<u>-</u>	<u>230</u>	<u>-</u>	<u>230</u>
TOTAL LIABILITIES	<u>-</u>	<u>231</u>	<u>-</u>	<u>231</u>
FUND BALANCE:				
Restricted	<u>42,802</u>	<u>1,028</u>	<u>63,482</u>	<u>107,312</u>
TOTAL FUND BALANCE	<u>42,802</u>	<u>1,028</u>	<u>63,482</u>	<u>107,312</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 42,802</u>	<u>\$ 1,259</u>	<u>\$ 63,482</u>	<u>\$ 107,543</u>

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	School Lunch	Capital Projects	Extraclassroom Activities	Total Nonmajor Governmental Funds
REVENUE:				
Use of money and property	\$ 1,333	\$ -	\$ -	\$ 1,333
Miscellaneous	<u>19,154</u>	<u>-</u>	<u>84,324</u>	<u>103,478</u>
Total revenue	<u>20,487</u>	<u>-</u>	<u>84,324</u>	<u>104,811</u>
EXPENDITURES:				
General support	35,693	-	85,095	120,788
Capital outlays	<u>-</u>	<u>462,473</u>	<u>-</u>	<u>462,473</u>
Total expenditures	<u>35,693</u>	<u>462,473</u>	<u>85,095</u>	<u>583,261</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(15,206)</u>	<u>(462,473)</u>	<u>(771)</u>	<u>(478,450)</u>
OTHER FINANCING SOURCES (AND USES):				
Transfers in	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total other financing sources (and uses)	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
CHANGE IN FUND BALANCE	(15,206)	(362,473)	(771)	(378,450)
FUND BALANCE - beginning of year	<u>58,008</u>	<u>363,501</u>	<u>64,253</u>	<u>485,762</u>
FUND BALANCE - end of year	<u>\$ 42,802</u>	<u>\$ 1,028</u>	<u>\$ 63,482</u>	<u>\$ 107,312</u>

OTHER INFORMATION (UNAUDITED)

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

OTHER INFORMATION SCHEDULE OF CHANGES FROM ORIGINAL BUDGET TO REVISED BUDGET AND SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget		\$ 16,415,975
Add: Prior year's encumbrances		<u>472,572</u>
Original budget		16,888,547
Budget revisions		<u>(4,500)</u>
Final budget		<u>\$ 16,884,047</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-25 voter-approved expenditure budget	<u>\$ 16,900,275</u>	
Maximum allowed (4% of 2024-25 budget)		<u>\$ 676,011</u>

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

Total fund balance 4,716,717

Less:

Restricted fund balance 1,916,744

Assigned fund balance:

Appropriated fund balance 1,670,472

Encumbrances included in assigned fund balance 453,489

Total adjustments \$ 4,040,705

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: \$ 676,012

Real Property Tax Law

Actual percentage 4.00%

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

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

**OTHER INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years' Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures</u>	<u>Unexpended Balance</u>	<u>Installment Purchase/ Serial Bonds</u>	<u>Federal and State Sources</u>	<u>Local Sources</u>	<u>Total Financing</u>	<u>Fund balance June 30, 2024</u>
District - Energy Renovations	\$ 1,391,593	\$ 1,428,155	\$ 1,072,420	\$ 355,735	\$ 1,428,155	\$ -	\$ 1,391,593	\$ -	\$ -	\$ 1,391,593	\$ (36,562)
District - Renovations	4,620,290	4,620,290	5,294,858	-	5,294,858	(674,568)	3,620,290	-	1,710,811	5,331,101	36,243
District - 21/22 Renovations	1,543,750	1,543,750	1,352,738	-	1,352,738	191,012	870,000	-	490,823	1,360,823	8,085
District - 23/24 Capital Outlay	100,000	100,000	-	95,709	95,709	4,291	98,971	-	-	98,971	3,262
District -23/24 Capital Project	-	-	-	10,000	10,000	(10,000)	-	-	-	-	(10,000)
	<u>\$ 7,655,633</u>	<u>\$ 7,692,195</u>	<u>\$ 7,720,016</u>	<u>\$ 461,444</u>	<u>\$ 8,181,460</u>	<u>\$ (489,265)</u>	<u>\$ 5,980,854</u>	<u>\$ -</u>	<u>\$ 2,201,634</u>	<u>\$ 8,182,488</u>	<u>\$ 1,028</u>

NEW YORK MILLS UNION FREE SCHOOL DISTRICT

OTHER INFORMATION SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2024

Capital assets, net	\$ 12,823,882
Deduct:	
Short-term portion of bonds payable	540,000
Long-term portion of bonds payable	2,580,000
Short-term portion of installment purchase debt	77,575
Long-term portion of installment purchase debt	<u>1,239,802</u>
Net investment in capital assets	<u>\$ 8,386,505</u>

REQUIRED REPORTS

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

October 1, 2024

To the Board of Directors of
New York Mills Union Free School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New York Mills Union Free School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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(Continued)

**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***
(Continued)

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

APPENDIX C

Form of Legal Opinions

LAW OFFICES

OF

Timothy R. McGill

248 WILLOWBROOK OFFICE PARK

FAIRPORT, NEW YORK 14450

Kristine M. Bryant
Paralegal

Tel: (585) 381-7470

Fax: (585) 381-7498

June 25, 2025

Board of Education of the
New York Mills Union Free School District
Oneida County, New York

Re: ***New York Mills Union Free School District
\$3,900,000 Bond Anticipation Note, 2025 (New Issue)***

Dear Board Members:

I have examined a record of proceedings relating to the issuance of a \$3,900,000 principal amount Bond Anticipation Note, 2025 (New Issue) of the New York Mills Union Free School District, a school district of the State of New York. The Note is [registered to _____ / in book-entry-only form registered to "Cede & Co.,"] is dated June 25, 2025, is numbered 2025A-1, bears interest at the rate of _____ per centum (____%) per annum payable at maturity, matures June 25, 2026, and is issued pursuant to the Local Finance Law of the State of New York and a bond resolution adopted March 5, 2024. The proposition approving the matters set forth in the bond resolution was approved by the voters of the School District on December 12, 2023. The Note is not subject to redemption prior to maturity. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

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

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

Timothy R. McGill

Board of Education of the
New York Mills Union Free School District
June 25, 2025

Page 2

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

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

Very truly yours,

Timothy R. McGill, Esq.

TRM:

APPENDIX D
Material Event Notices

Material Event Notices

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

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

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

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

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

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

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

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

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

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

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