

OFFICIAL STATEMENT DATED JUNE 6, 2025

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

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

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

**FRONTIER CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK
(the "District" or the "School District")**

**\$51,800,000
BOND ANTICIPATION NOTES, 2025A
(the "Series A Notes")**

Dated Date: June 25, 2025

Date of Maturity: June 25, 2026

**\$2,135,000
BOND ANTICIPATION NOTES, 2025B
(the "Series B Notes" and collectively with the Series A Notes, the "Notes")**

Dated Date: July 16, 2025

Date of Maturity: July 16, 2026

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

Prior Redemption: The Notes will not be subject to redemption, in whole or in part, prior to maturity.

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

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

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

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the legal opinion as to the validity of the Notes of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, and certain other conditions. It is anticipated that the Notes will be available for delivery in New York, New York (through the facilities of DTC) or at such other place as may be agreed with the purchaser(s) on or about June 25, 2025 and July 16, 2025, respectively.

Facsimile or telephone bids for the Series A Notes will be received THURSDAY, June 12 until 10:00 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale for the Series A Notes.

Facsimile or telephone bids for the Series B Notes will be received WEDNESDAY, June 25 until 10:00 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale for the Series B Notes.

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

**FRONTIER CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK**

School District Officials

2024-25 BOARD OF EDUCATION

Dr. Mary Ann Costello - President
John Cordier – Vice President

Patrick T. Boyle
David Ceccarelli
Sharon Heppner
John Kilcoyne, Jr.
James Voto

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Christopher Swiatek - Superintendent
Dr. Christopher Thuman – Interim Assistant Superintendent for Finance
Kyleen Young –Treasurer
Laura Feldman – Supervisor of Accounting
Shannon Cross – District Clerk

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School District Attorneys

Hodgson Russ LLP

BOND COUNSEL

Hodgson Russ LLP

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

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FRONTIER CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK
(the “District”)

\$51,800,000
BOND ANTICIPATION NOTES, 2025A
(the “Series A Notes”)

\$2,135,000
BOND ANTICIPATION NOTES, 2025B
(the “Series B Notes” and collectively with the Series A Notes, the “Notes”)

This Official Statement, which includes the cover page, has been prepared by the Frontier Central School District, Erie County, New York (the “District” or “the School District”, “County” and “State,” respectively) in connection with the sale by the District of its \$51,800,000 Bond Anticipation Notes, 2025A (the “Series A Notes”) and its \$2,135,000 Bond Anticipation Notes, 2025B (the “Series B Notes” and, collectively with the Series A Notes, the “Notes”).

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

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

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

DESCRIPTION OF THE NOTES

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

The Series B Notes are dated July 16, 2025, and mature, without option of prior redemption, on July 16, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

The Notes will be issued in registered form. At the option of the purchaser(s), the Notes may be registered in the name of the purchaser(s), with principal of and interest on the Notes being payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Alternatively, the Notes may be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), with DTC acting as securities depository for the Notes. See “Book-Entry-Only System,” herein. Under the DTC scenario, one fully registered note certificate will be issued for all Notes bearing the same rate of interest and CUSIP number, each in

the aggregate principal amount of such issue, and purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (federal funds) by the District directly to DTC for its nominee, Cede & Co.

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

Purpose and Authorization

The Series A Notes are being issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to a bond resolution that was duly adopted by the District’s Board of Education (the “Board”) on August 3, 2021, following a positive vote at a special meeting and vote of the qualified voters of the District that was held on July 20, 2021 authorizing the issuance of up to \$65,116,550 of serial bonds of the District for the financing of a \$70,116,550 “2021 Capital Improvements Project” involving the reconstruction and renovation of, and the construction of improvements and upgrades to various District buildings and facilities (and the sites thereof) (the “Project”).

Proceeds of the Series A Notes, in the amount of \$40,800,000, along with available funds of the District in the amount of \$1,615,000, will be used to redeem and renew, in part, an outstanding bond anticipation note of the District that was issued on June 26, 2024. The remaining proceeds of the Series A Notes in the amount of \$11,000,000 will provide additional new money financing for the Project.

The Series B Notes are issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to certain bond resolutions that were duly adopted by the Board of the District, following positive votes at various annual meetings of the qualified voters of the District that were held on June 9, 2020 (and then adjourned until 5:00 pm on June 16, 2020, for the purpose of receiving mailed absentee ballots), May 18, 2021, May 17, 2022, May 16, 2023, May 21, 2024, and May 20, 2025 on (a) June 1, 2021, authorizing up to \$882,113 of serial bonds for the acquisition of various buses for use in the transportation program of the District (\$100,000 of this issue); (b) June 21, 2022 authorizing up to \$550,631 of serial bonds for the acquisition of various school buses for use in the transportation program of the District (\$200,000 of this issue); (c) on June 20, 2023 authorizing up to \$765,245 of serial bonds for the acquisition of various buses for use in the transportation program of the District (\$455,000 of this issue); (d) on or about June 18, 2024 authorizing up to \$783,716 of serial bonds for the acquisition of various buses for use in the transportation program of the District (\$630,000 of this issue); and (e) on or about June 17, 2025 authorizing up to \$750,000 of serial bonds for the acquisition of various buses for use in the transportation program of the District (\$750,000 of this issue).

Proceeds of the Notes in the amount of \$1,385,000, along with \$668,716 of available funds of the District, will be used to redeem and renew, in part, an outstanding bond anticipation note of the District issued on July 17, 2024.

Book-Entry-Only System

The following is relevant only if the Notes are issued in book-entry form. DTC will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered Notes registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC, only if requested by the purchaser prior to the initial issuance of the 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 security 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 the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

Source: The Depository Trust Company

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

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

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

Certificated Notes

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

Security and Source of Payment

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

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

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

Remedies of Noteholders on Default

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

Such Section provides that in the event a holder or owner of any bond 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 such section of the SFL.

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

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

Special Provisions Affecting Remedies Upon Default

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

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

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

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

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

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

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

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

THE SCHOOL DISTRICT

General Information

The District comprises an area of approximately 39 square miles and is located in the southern portion of Erie County along the shore of Lake Erie in the Town of Hamburg. The District includes a major portion of the Town of Hamburg and a small portion of the Town of Eden. Portions of the District closest to Buffalo are suburban residential in character while outlying areas are more rural. Most residents of the District are employed in business, industry, and professions in Buffalo or the Niagara Frontier.

Transportation is provided through the District on State Routes 5 and 20. Bus service is provided by the Niagara Frontier Transportation Authority (Metro) on a regular, commuter basis. Major airlines operate from the Buffalo-Niagara International Airport, a 30-minute drive from the District. Conrail provides rail facilities within the District, which operates several mainlines and spurs with industrial sidings. Passenger rail service is provided by Amtrak in the Village of Depew, north of the District.

Police protection is provided by the Town of Hamburg Police Department, the Erie County Sheriff's Department and the State Police. Electricity is supplied throughout the District by the New York State Electric and Gas Corporation and National Grid. Water services are provided by the Erie County Water Authority. Sanitary sewage collection and treatment facilities are provided throughout the unincorporated portions of the District by the Towns' special assessment sewer districts. The Village of Hamburg (within the Town of Hamburg) provides sanitary sewer services to residents. The following banks have one or more offices within the District: Citizen's Bank, Bank of America, Key Bank, Evans Bank, M&T Bank and Northwest Savings Bank.

Source: District Officials.

District Population

The population of the School District is estimated to be 38,080. (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 and County listed below. The Figures set below with respect to such Towns, County 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, County or State are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns Of:						
Hamburg	\$29,730	\$33,277	\$45,960	\$75,857	\$84,295	\$113,381
Eden	28,379	31,124	43,285	73,675	79,561	100,523
County Of:						
Erie	26,378	29,940	41,560	63,404	70,078	96,230
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

Name	Year Built	<u>Current Maximum Capacity</u>	Date of Last Addition or Alteration
Senior High School	1955	2,349	2024
Middle School	1963	1,971	2024
Big Tree Elementary School	1992	918	2024
Pinehurst Elementary School	1955	810	2023
Cloverbank Elementary School	1959	891	2023
Blasdell Elementary School	1959	891	2024
Frontier Community Learning Center	2002	270	2021

Source: District Official

District Employees

The School District employs 917 full and part-time employees. The number of members, the collective bargaining units which represent them, and their current contract expiration dates are as follows:

<u>Employees</u>	<u>Bargaining Unit</u>	<u>Expiration Date</u>
460	Frontier Central Teachers Association	6/30/2027
415	Frontier Central Employees Association	6/30/2026
20	Frontier Central Administrators Association	6/30/2027
21	Frontier Managerial Confidential Employees	6/30/2027
11	Frontier Central Registered Nurses Association	6/30/2026

Source: District Officials

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2020-21	4,527	2025-26	4,475
2021-22	4,489	2026-27	4,455
2022-23	4,482	2027-28	4,430
2023-24	4,426	2028-29	4,415
2024-25	4,497	2029-30	4,400

Source: District Officials

Employee Pension Benefits

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

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

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

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

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

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

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

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

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$1,448,038	\$3,097,735
2020-2021	1,393,745	3,541,199
2021-2022	1,380,934	3,740,176
2022-2023	1,193,372	4,053,651
2023-2024	1,399,452	4,049,904
2024-2025 (Budgeted)	1,664,771	4,150,457
2025-2026 (Budgeted)	2,257,396	4,350,000

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

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

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

A chart of average ERS and TRS rates as a percent of payroll (2020-21 to 2025-26) is show below:

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

*Estimated.

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

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

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

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

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

The State’s 2019-2020 Enacted Budget will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established a TRS Reserve Fund as of June 2019. The District has funded the reserve in the amount of \$1,178,654 as of June 5, 2025

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

Other Post-Employment Benefits

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

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

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

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

Based on the most recent actuarial valuation dated July 2, 2024 and financial data as of June 30, 2024, the School District's beginning year total OPEB liability was \$4,329,594, the net change for the year was \$125,193 resulting in a total OPEB liability of \$4,454,787 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>
Frontier Central School District	Education	1,234
Ford Motor Company	Manufacturing	979
Wegmans Markets, Inc.	Retail Food	550
Walmart, Inc.	Retail Store	450
West Herr Ford	Store Auto Sales	399
FedEx Corp.	Shipping	272
Amazon.com Services	Shipping	205

Source: District Official

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

<u>Year</u>	<u>Erie County Unemployment Rate</u>	<u>New York State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2020	8.9%	9.8%	8.1%
2021	5.3%	7.1%	5.3%
2022	3.5%	4.3%	3.6%
2023	3.5%	4.1%	3.7%
2024	3.9%	4.3%	4.2%

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

2024-25 Monthly Figures

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Erie County	3.5%	3.5%	3.7%	4.2%	4.1%	3.3%	3.4%	3.5%	3.8%	4.5%	4.8%	4.2%
New York State	3.9%	4.0%	4.3%	4.8%	4.8%	4.0%	4.2%	4.2%	4.2%	4.6%	4.3%	4.1%

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

Investment Policy

The Board has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

The primary objectives of the District's investment policy are, in priority order, as follows:

- To conform to all applicable federal, State and other legal requirements.
- To adequately safeguard principal.
- To provide sufficient liquidity to meet all operating requirements.
- To obtain a reasonable rate of return on invested funds.

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit moneys which are not required for immediate expenditure in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State; (4) with the approval of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, obligations of the District.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML. The District is not presently investing in repurchase agreements.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Form of School Government

The District is an independent entity governed by an elected Board previously defined comprised of seven members. District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District include the General Municipal Law, the Local Finance Law and the Real Property Tax Law.

Members of the Board are elected on a staggered term basis by qualified voters within the District boundaries at the annual election of the District (held in May). The term of office for each board member is five years and the number of terms that may be served is unrestricted.

During the first seven days of July each year, the Board meets for the purpose of reorganization. At that time an election is held within the Board to elect a President (who serves as the chief fiscal officer of the District) and Vice President, and to appoint a District Clerk and District Treasurer.

The Board is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

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

Budgetary Procedures

Pursuant to the Education Law, the Board 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 531 to 342. The 2022-23 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2023-24 fiscal year was adopted by the qualified voters on May 16, 2023 by a vote of 1,009 to 411. The 2023-24 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024 by a vote of 501 to 317. The 2024-25 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2025-26 fiscal year was adopted by the qualified voters on May 20, 2025 by a vote of 827 to 368. The 2025-26 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2025-26 fiscal year, approximately 45.79% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017, the 2023-24 State budget which was not adopted until May 3, 2023. the 2024-25 State budget which was not adopted until April 20, 2024 and the 2025-26 State Budget which was not adopted until May 9, 2025. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal Aid Received by the State

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

The State also receives a substantial amount of federal aid for health care, education, transportation, and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress.

Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances.

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

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

State Aid History

The State's 2020- 2021 Enacted Budget - Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020- 2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% of estimates or if actual disbursements exceed 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

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

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

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

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

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

A final budget was passed by New York State on May 8, 2025. The enacted budget includes a \$37.6 billion increase in total school aid. The enacted budget's foundation aid increase is nearly identical to the Executive Budget's; however, due to an adjustment in the aid calculation formula (as the formula is ensuing calculations pertain to Districts with large amounts of English language learners) some districts will see a slight increase or decrease in their final Foundation Aid amount. Foundation aid is New York State's main education operating formula. It is focused on allocating New York State funds equitably to all school districts, especially high needs districts, based on student need, community wealth, and regional cost differences. As stated in Foundation Aid for the 2025 school year. Foundation aid is intended mainly to support 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.

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

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

Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

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

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

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

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

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	\$ 84,266,849	\$ 34,783,634	41.28%
2020-2021	88,125,551	35,816,368	40.64
2021-2022	91,634,496	37,922,279	41.38
2022-2023	96,874,872	41,407,438	42.74
2023-2024	104,322,082	46,692,311	44.76
2024-2025 (Budgeted)	103,043,981	47,499,243	46.10
2025-2026 (Budgeted)	108,617,626	49,731,054	45.79

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

Fiscal Stress Monitoring

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	0.0
2023	No Designation	20.0
2022	No Designation	10.0
2021	No Designation	3.3
2020	No Designation	6.7

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on August 17, 2018. The purpose of the audit was to determine whether the District procured professional services in accordance with their Board policies and the applicable statutory requirements, and whether payments for such services were proper for the District's purposes between July 1, 2016 through March 6, 2018.

Key Findings

- The Board did not establish adequate policies, or ensure the District officials developed adequate written procedures, for procuring professional services.
- The District selected and paid nine professional service providers \$466,960 but could not provide documented evidence for how or why those vendors were selected.

Key Recommendations

- Review and update the purchasing policy and procedures to ensure they include detailed guidance for procuring professional services.

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

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

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

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are being 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 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:					
Hamburg	\$ 1,429,527,809	\$ 1,442,560,381	\$ 1,449,843,023	\$ 1,460,351,373	\$ 1,488,008,724
Eden	<u>1,176,925</u>	<u>1,177,374</u>	<u>1,177,504</u>	<u>1,179,657</u>	<u>1,193,020</u>
Total	\$ 1,430,704,734	\$ 1,443,737,755	\$ 1,451,020,527	\$ 1,461,531,030	\$ 1,489,201,744
Equalization Rates:					
Hamburg	44.50%	41.00%	37.00%	32.00%	30.50%
Eden	53.00%	51.00%	46.00%	41.00%	37.00%
Full Valuations:					
Hamburg	\$ 3,212,422,043	\$ 3,518,439,954	\$ 3,918,494,657	\$ 4,563,598,041	\$ 4,878,717,128
Eden	<u>2,220,613</u>	<u>2,308,576</u>	<u>2,559,791</u>	<u>2,877,212</u>	<u>3,224,378</u>
Total	\$ 3,214,642,656	\$ 3,520,748,530	\$ 3,921,054,448	\$ 4,566,475,253	\$ 4,881,941,506

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 Valued

Fiscal Year Ending June 30:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Hamburg	\$ 29.62	\$ 30.19	\$ 30.89	\$ 31.52	\$ 32.16
Eden	24.88	24.28	24.85	24.60	26.51

Tax Collection Procedure

District taxes are payable and due by October 15. There is a 7.5% penalty if paid after October 15 until October 31 and a 9.0% penalty for the entire month of November.

On November 30, a list of all unpaid taxes is given to the County Treasurer for re-levy on County/School District tax rolls with additional penalties.

The District is reimbursed by the County for all unpaid taxes so that it is assured of 100% collection of its tax levy each year.

Tax Collection Record

Fiscal Year Ended June 30:

	2021	2022	2023	2024	2025*
Total Tax Levy	\$42,406,338	\$43,699,822	\$44,808,332	\$46,065,598	\$47,885,189
Less STAR Reimbursement	4,834,855	4,542,982	4,270,519	4,056,730	3,559,080
Total Taxes to be Collected	37,571,483	39,156,840	40,537,813	42,008,868	44,326,109
Taxes Collected Prior to Return to County	36,735,791	38,311,454	39,374,942	40,874,688	42,858,683
Uncollected Returned to County ¹	\$835,692	\$845,386	\$1,162,871	\$1,134,180	\$1,467,426
% Collected Prior to Return	97.78%	97.84%	97.13%	97.30%	96.69%

*Tax Collection Figures as of 12/17/24.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes	Percentage of Total Revenues Consisting of Real Property Taxes
2019-2020	\$ 84,266,849	\$ 41,031,138	48.69%
2020-2021	88,125,551	37,571,483	42.63
2021-2022	91,634,496	39,156,840	42.73
2022-2023	96,874,872	40,573,866	41.88
2023-2024	104,322,082	42,027,855	40.29
2024-2025 (Budgeted)	103,043,981	48,700,189	47.26
2025-2026 (Budgeted)	108,617,626	48,578,572	44.72

Source: Audited financial statements for the 2019-2020 fiscal year through 2023-2024 fiscal year and the adopted budget of the District for the 2024-2025 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>Assessed Value</u>
Burke & Companies	Apt/Mixed	\$21,896,000
Hamburg (& McKinley) Holdings DE LLC	Retail	19,050,500
Benderson & Companies	Retail	18,800,746
Niagara Mohawk Power Corp Total	utility	12,268,944
Ford Stamping Plant	Manufacturing	10,238,061
Wal-Mart Real Estate Business	Retail	7,832,000
Maplewood Estates Apartments	Apartments	7,500,000
National Fuel Gas	utility	7,151,592
CCP Autumn View 7580 LLC	Health Bldg	7,015,000
Republic Engineered Prodcuts Inc.	Manufacturing	6,666,234
Total		<hr/> \$118,419,077

1. The above taxpayers represent 7.95% of the School District's 2024-25 Assessed value of \$1,489,201,744

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

General Fund Operations

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

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$98,700 or less in 2024 and \$107,300 or less in 2025, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first \$84,000 for the 2024-25 school year and the first \$86,100 for the 2025-26 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross Income not in excess of \$250,000 (\$500,000 in the case of a STAR Credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

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

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

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board 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 capital improvements projects to be financed by the Notes.

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

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

1. (a) Such obligations are authorized for an object or purpose of which the District is not authorized to expend money; or

(b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with;

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

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

The District typically complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Serial Bonds	\$25,760,000	\$23,205,000	\$37,170,000	\$34,563,000	\$30,225,000
Bond Anticipation Notes	15,726,063	22,567,851	4,022,107	30,059,253	44,460,245
Capital Leases	200,139	0	49,426	36,920	24,051
Total Debt Outstanding	<u>\$41,686,202</u>	<u>\$45,772,851</u>	<u>\$41,241,533</u>	<u>\$64,659,173</u>	<u>\$74,709,296</u>

Status of Outstanding Bond Issues

Year of Issue:	2015		2016	
Amount Issued:	\$4,580,000		\$5,715,000	
Purpose/Instrument:	Construction/Serial Bond		Buses/Serial Bond	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 270,000	\$ 87,425	\$ 780,000	\$ 23,400
2026	275,000	80,000	-	-
2027	285,000	69,000	-	-
2028	295,000	57,600	-	-
2029	310,000	45,800	-	-
2030	325,000	33,400	-	-
2031	335,000	20,400	-	-
2032	<u>345,000</u>	<u>10,350</u>	<u>-</u>	<u>-</u>
Totals:	\$ 2,440,000	\$ 403,975	780,000	23,400
Year of Issue:	2017		2021	
Amount Issued:	\$23,935,000		\$16,570,000	
Purpose/Instrument:	Construction/Serial Bond		Construction/Serial Bond	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,740,000	\$ 308,863	\$ 1,500,000	* \$ 255,700
2026	1,870,000	274,063	1,505,000	225,650
2027	1,905,000	236,663	1,515,000	195,450
2028	1,950,000	193,800	1,185,000	168,450
2029	2,010,000	135,300	1,165,000	144,950
2030	1,785,000	75,000	1,120,000	122,100
2031	715,000	21,450	1,125,000	99,650
2032	-	-	1,130,000	77,100
2033	-	-	1,190,000	53,900
2034	-	-	1,200,000	30,000
2035	<u>-</u>	<u>-</u>	<u>900,000</u>	<u>9,000</u>
Totals:	\$ 11,975,000	\$ 1,245,138	\$ 13,535,000	\$ 1,381,950
Year of Issue:	2022			
Amount Issued:	\$1,598,000			
Purpose/Instrument:	Construction/Serial Bond			
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>		
2025	\$ 105,000	\$ 50,559		
2026	115,000	46,847		
2027	110,000	43,050		
2028	110,000	39,338		
2029	115,000	35,469		
2030	120,000	31,356		
2031	130,000	26,981		
2032	125,000	22,519		
2033	130,000	18,056		
2034	140,000	13,331		
2035	145,000	8,253		
2036	85,000	4,031		
2037	<u>65,000</u>	<u>1,219</u>		
Totals:	\$ 1,495,000	\$ 341,009		

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	\$ 4,395,000	\$ 725,947	\$ 5,120,947	15.23%
2026	3,765,000	626,559	4,391,559	28.29%
2027	3,815,000	544,163	4,359,163	41.26%
2028	3,540,000	459,188	3,999,188	53.15%
2029	3,600,000	361,519	3,961,519	64.94%
2030	3,350,000	261,856	3,611,856	75.68%
2031	2,305,000	168,481	2,473,481	83.04%
2032	1,600,000	109,969	1,709,969	88.12%
2033	1,320,000	71,956	1,391,956	92.26%
2034	1,340,000	43,331	1,383,331	96.38%
2035	1,045,000	17,253	1,062,253	99.54%
2036	85,000	4,031	89,031	99.80%
2037	<u>65,000</u>	<u>1,219</u>	<u>66,219</u>	100.00%
Totals:	\$ 30,225,000	\$ 3,395,472	\$ 33,620,472	

Status of Short-Term Indebtedness

<u>Type</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
BAN	6/26/2024	6/26/2025	4.500%	\$42,415,000*
BAN	7/17/2024	7/17/2025	4.500%	2,053,716**

*The BAN will be redeemed and renewed, in part, with the proceeds of the Series A Notes and \$1,615,000 available funds.

**The BAN will be redeemed and renewed, in part, with the proceeds of the Series B Notes and \$668,715 of available funds.

Cash Flow Borrowings

The District has not found it necessary to borrow in anticipation of taxes or revenues in recent years, nor does it currently anticipate having to undertake such borrowings.

Capital Project Plans

On July 20, 2021 District voters approved a new \$70,116,550 Capital Project. The multi-phased project will include reconstruction and renovation of, and the construction of improvements and upgrades to various District buildings and facilities, (and the sites thereof). The District will use \$2,643,588 of 2016 Capital Reserves funds, \$356,412 of 2019 Capital Reserve funds, and \$2,000,000 of other available District funds, with the remaining balance of the project to be financed through the issuance of Bond Anticipation Notes and Serial Bonds not to exceed \$65,116,550 in aggregate. On July 28, 2022, the District issued a \$13,000,000 Bond Anticipation Note. That was the first issuance of indebtedness against said authorization. On June 27, 2023, the District issued a \$28,000,000 Bond Anticipation Note. On June 26, 2024 the district partially redeemed and renewed a \$27,615,000 portion of the 2023 BAN and issued an additional \$14,800,000 in new money for the project. On June 26, 2025 the district will partially redeem and renew the existing BAN and will issue \$11,000,000 in new money for the project.

Building Aid Estimate

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. The District has not applied for such estimate; but anticipates that aid may be received on its outstanding indebtedness at its Building Aid Ratio of 74.0%.

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 "THE SCHOOL DISTRICT - State Aid" herein.

Debt Statement Summary

As of June 6, 2025

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Hamburg	\$ 1,488,008,724	30.50%	\$ 4,878,717,128
Eden	1,193,020	37.00%	3,224,378
			<u>\$ 4,881,941,506</u>
Debt Limit: 10% of Full Valuation			\$ 488,194,151
Inclusions:			
Serial Bonds			\$ 28,620,000
Bond Anticipation Notes			44,468,716
Total Inclusions:			<u>\$ 73,088,716</u>
Exclusions:			
Building Aid Estimate	1		\$0
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 73,088,716
New Monies This Issue:			<u>11,000,000</u>
Total Net Indebtedness After Giving Effect to This Issue:			<u>\$ 84,088,716</u>
Net Debt Contracting Margin			\$ 404,105,435
Percentage of Debt-Contracting Power Exhausted			17.22%

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

Estimated Overlapping Indebtedness

<u>Overlapping Unit</u>	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness</u>	¹ <u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
County of:	\$ 4,881,941,506					
Erie	\$ 83,955,196,848	5.81%	\$ 430,087,097	N/A	\$ 430,087,097	\$ 25,009,292
Town of	\$ 4,878,717,128					
Hamburg	\$ 6,152,032,422	79.30%	10,670,000	N/A	10,670,000	8,461,580
Town of	\$ 3,224,378				-	
Eden	\$ 765,387,524	0.42%	12,849,000	N/A	12,849,000	<u>54,129</u>
Total						<u><u>\$ 33,525,001</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 2023 fiscal year. Not adjusted to include subsequent bond and note sales.
N/A Information not available from source document.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 6, 2025

	Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness	\$ 84,088,716	\$ 2,208.21	1.722%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 117,613,717	\$ 3,088.60	2.409%

(a) The District's estimated population is 38,080. (Source: 2023 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2024-25 is \$4,881,941,506.

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

MARKET AND RISK FACTORS

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

There are a number of factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly its property taxes. For instance, the termination of a major commercial enterprise or an unexpected

revenue increase in tax certiorari proceedings could result in a reduction in the assessed valuation of taxable real property in the District. In addition, to the extent that the District is dependent on State aid, there can be no assurance that such aid will be continued in the future. Unforeseen developments could also result in substantial increases in District expenditures, thus placing considerable strain on the District's financial condition.

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

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

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

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

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

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

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

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

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

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

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

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

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

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications,

amendments, and revisions and proposals for future changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult their own legal and tax advisors with respect to these matters.

APPROVAL OF LEGAL PROCEEDINGS

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

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

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

LITIGATION

In common with other local governments and school districts, the District from time to time receives notices of claim and is a party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which if determined against the District, would have an adverse material effect on the financial condition of the District.

RATING

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

The most recent underlying rating assigned to the School District by Moody's Rating Service is an Aa3 rating, which was assigned in connection with the issuance by the School District of \$1,598,000 School District Serial Bonds, 2022.

A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. 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 Notes.

MUNICIPAL ADVISOR

R.G. Timbs, Inc. is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the

Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

MISCELLANEOUS

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

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

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

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

The School District contact information is as follows: Dr. Christopher Thuman, Interim Assistant Superintendent for Business & Operations, phone: (716) 926-1717 email: cthuman@frontiercsd.org.

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

Frontier Central School District

**Dated: June 6, 2025
Hamburg, New York**

Dr. Mary Ann Costello
President of the Board of
Education

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Budget <u>2025</u>	
Beginning Fund Balance - July 1	\$17,875,761	\$19,841,990	\$25,077,994	\$23,907,420	\$29,595,605	\$34,777,550	E
Revenues:							
Real Property Taxes	\$41,031,138	\$37,571,483	\$39,156,840	\$40,573,866	\$42,027,855	\$48,700,189	
Real Property Tax Items	930,089	5,831,217	5,397,695	5,262,254	\$4,997,653	\$0	
Non-Property Tax Items	5,585,712	6,371,067	7,016,024	7,371,400	7,385,514	0	
Charges for Services	944,336	481,405	525,343	488,659	301,012	470,250	
Use of Money & Property	201,479	82,799	69,062	811,025	2,072,505	259,998	
Sale of Property/Comp. for Loss	27,205	19,244	210,191	20,302	13,969	25,250	
Miscellaneous	504,428	558,784	874,233	772,560	646,844	6,089,051	
State Aid	34,783,634	35,816,368	37,922,279	41,407,438	46,692,311	47,499,243	
Federal Aid	258,828	1,226,519	398,567	167,368	184,419	0	
Interfund Transfer	<u>0</u>	<u>166,665</u>	<u>64,262</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Revenues	\$84,266,849	\$88,125,551	\$91,634,496	\$96,874,872	\$104,322,082	\$103,043,981	
Expenditures:							
General Support	\$6,733,981	\$7,570,173	\$8,447,344	\$8,789,934	\$9,982,569	\$9,312,565	
Instruction	49,111,767	48,515,575	50,090,792	52,636,787	55,985,054	58,068,029	
Pupil Transportation	3,386,841	3,242,823	3,971,891	4,364,504	4,650,678	4,860,798	
Employee Benefits	17,995,824	17,378,744	18,814,896	18,974,101	20,469,028	24,499,013	
Debt Service	4,696,016	3,804,215	3,657,961	5,280,620	6,635,420	8,873,403	
Interfund Transfer	<u>376,191</u>	<u>2,378,017</u>	<u>7,822,186</u>	<u>1,140,741</u>	<u>1,417,388</u>	<u>376,192</u>	
Total Expenditures	\$82,300,620	\$82,889,547	\$92,805,070	\$91,186,687	\$99,140,137	\$105,990,000	
Adjustments	0	0	0	0	0	0	
Year End Fund Balance	\$19,841,990	\$25,077,994	\$23,907,420	\$29,595,605	\$34,777,550	\$31,831,531	E
Excess (Deficit) Revenues Over Expenditures	\$1,966,229	\$5,236,004	(\$1,170,574)	\$5,688,185	\$5,181,945	(\$2,946,019)	1

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

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

General Fund – Budget Summary

2025-26 Proposed Budget

Revenues:

Real Property Taxes	\$48,578,572
Other Tax Items	8,263,451
Charges for Services	470,250
Use of Money & Property	1,109,998
Sale of Property/Comp. for Loss	25,250
Miscellaneous	439,051
State Aid	49,731,054
Appropriated Fund Balance	2,867,749
Appropriated Reserves	483,889
Total Revenues	<u>\$111,969,264</u>

Expenditures:

General Support	\$10,613,478
Instruction	59,398,995
Transportation	6,164,052
Community Services	0
Employee Benefits	26,298,218
Debt Service	9,118,329
Interfund Transfers	376,192
Total Expenditures	<u>\$111,969,264</u>

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

Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:					
Cash and cash equivalents	\$5,542,217	\$6,710,432	\$4,624,047	\$2,234,950	\$0
Cash and cash equivalents - Restricted	13,370,025	18,111,378	16,690,953	22,200,764	21,821,236
Accounts Receivable	336,762	433,675	581,812	319,333	268,924
Due from Other Funds	2,030,874	2,980,247	6,397,725	9,214,285	14,409,315
State and Federal Aid Receivable	812,884	0	0	0	0
Due from Other Governments	2,912,173	3,941,109	3,440,630	3,523,051	4,414,905
Prepays	0	0	0	0	1,717
Cash Value of Life Insurance	344,493	278,141	278,141	253,507	253,507
Total Assets	<u><u>\$25,349,428</u></u>	<u><u>\$32,454,982</u></u>	<u><u>\$32,013,308</u></u>	<u><u>\$37,745,890</u></u>	<u><u>\$41,169,604</u></u>
Liabilities:					
Accounts Payable	\$1,153,654	\$1,121,356	\$1,449,403	\$1,370,044	\$514,096
Accrued Liabilities	629,625	2,205,800	2,253,643	1,913,039	1,153,458
Unearned Revenue	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Due to Retirement Systems	3,724,159	4,049,832	4,402,842	4,867,202	4,724,500
Total Liabilities:	<u><u>\$5,507,438</u></u>	<u><u>\$7,376,988</u></u>	<u><u>\$8,105,888</u></u>	<u><u>\$8,150,285</u></u>	<u><u>\$6,392,054</u></u>
Fund Balances:					
Nonspendable	\$344,493	\$278,141	\$278,141	\$253,507	\$255,224
Restricted	13,370,025	18,111,378	16,690,953	22,200,764	26,725,011
Assigned:	2,545,615	2,966,914	3,071,593	3,051,839	3,557,715
Unassigned	3,581,857	3,721,561	3,866,733	4,089,495	4,239,600
Total Fund Balance	<u><u>\$19,841,990</u></u>	<u><u>\$25,077,994</u></u>	<u><u>\$23,907,420</u></u>	<u><u>\$29,595,605</u></u>	<u><u>\$34,777,550</u></u>
Total Liabilities and Fund Balance	<u><u>\$25,349,428</u></u>	<u><u>\$32,454,982</u></u>	<u><u>\$32,013,308</u></u>	<u><u>\$37,745,890</u></u>	<u><u>\$41,169,604</u></u>

Source: Audited Annual Financial Reports. This table is not audited.

APPENDIX B

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

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

FRONTIER CENTRAL
SCHOOL DISTRICT, NEW YORK
*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and
Federal Awards Information for the Year Ended
June 30, 2024 and Independent Auditors' Reports*

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
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INDEPENDENT AUDITORS' REPORT

The Board of Education
Frontier Central School District, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Frontier Central School District, New York (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 accompanying financial statements 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 thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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 Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Award are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Drescher & Malecki LLP

October 15, 2024

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Management's Discussion and Analysis
Year Ended June 30, 2024

As management of the Frontier Central School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$90,079,837 (net position). Net position consists of \$57,466,039 net investment in capital assets, \$26,920,583 restricted for specific purposes, and unrestricted net position of \$5,693,215.
- The District's total net position increased by \$7,384,078 during the year ended June 30, 2024.
- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,581,500, a decrease of \$11,004,430 in comparison with the prior year's fund balance of \$12,585,930.
- At the end of the current fiscal year, *unassigned fund balance* of the General Fund was \$4,239,600, or approximately 4.3 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the District's discretion and constitutes approximately 12.2 percent of the General Fund's total fund balance of \$34,777,550 at June 30, 2024.
- The District's total bonded indebtedness decreased by \$4,338,000 as a result of scheduled principal payments during the year.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general support, instruction, pupil transportation, school food service, student activities, and interest and other fiscal charges. The District does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains six individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures and changes in fund balances for the General Fund, Special Aid Fund, and Capital Projects Fund, which are considered major funds. Data from the other three governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The District maintains one fiduciary fund, the Private Purpose Trust Fund.

The fiduciary fund statements can be found on pages 18 and 19 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-47 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District’s net pension liabilities/(assets), the changes in the District’s total other postemployment benefits (“OPEB”) obligation, and the District’s budgetary comparison for the General Fund. Required Supplementary Information and related notes to the required supplementary information can be found on pages 48-56 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds are presented along with other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 57-61.

Finally, the Federal Awards Information section presents the District’s Schedule of Expenditures of Federal Awards. This section can be found immediately following the Supplementary Information on pages 62-71 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$90,079,837 at June 30, 2024, as compared to assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$82,695,759 at the close of the year ended June 30, 2023.

Table 1, shown below, presents the condensed statements of net position of the District at June 30, 2024 and June 30, 2023.

Table 1 - Condensed Statements of Net Position

	June 30,	
	2024	2023
Current assets	\$ 54,461,274	\$ 55,880,849
Noncurrent assets	<u>123,397,255</u>	<u>106,572,912</u>
Total assets	<u>177,858,529</u>	<u>162,453,761</u>
Deferred outflows of resources	<u>21,621,683</u>	<u>27,524,833</u>
Current liabilities	53,740,812	44,128,640
Noncurrent liabilities	<u>50,472,588</u>	<u>58,197,927</u>
Total liabilities	<u>104,213,400</u>	<u>102,326,567</u>
Deferred inflows of resources	<u>5,186,975</u>	<u>4,956,268</u>
Net position:		
Net investment in capital assets	57,466,039	57,646,520
Restricted	26,920,583	22,408,271
Unrestricted	<u>5,693,215</u>	<u>2,640,968</u>
Total net position	<u>\$ 90,079,837</u>	<u>\$ 82,695,759</u>

The largest portion of the District’s net position, \$57,466,039, reflects its investment in capital assets (e.g. land, buildings, improvements and equipment), net of accumulated depreciation/amortization and less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The next largest portion of the District’s net position, \$26,920,583, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining portion reflects unrestricted net position of \$5,693,215, and represents resources that may be used to meet the District’s ongoing obligations.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2024 and June 30, 2023.

Table 2—Condensed Statements of Changes in Net Position

	Year Ended June 30,	
	2024	2023
Program revenues:		
Charges for services	\$ 1,009,893	\$ 1,597,428
Operating grants and contributions	13,177,197	9,407,150
General revenues	<u>103,850,899</u>	<u>96,309,729</u>
Total revenues	<u>118,037,989</u>	<u>107,314,307</u>
Program expenses	<u>110,653,911</u>	<u>100,097,538</u>
Change in net position	7,384,078	7,216,769
Net position—beginning	<u>82,695,759</u>	<u>75,478,990</u>
Net position—ending	<u>\$ 90,079,837</u>	<u>\$ 82,695,759</u>

Overall revenues increased 10.0 percent from the prior year, primarily due to increases in state aid, operating grants and contributions, sales tax and interest earnings. Total expenses increased 10.5 percent from the prior year, primarily due to an increase in instruction costs due to increases in salary and contractual expenses, along with increases in allocable employee benefits.

A summary of sources of revenues for the years ended June 30, 2024 and June 30, 2023 is presented below in Table 3:

Table 3—Summary of Sources of Revenues

	Year Ended June 30,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
Charges for services	\$ 1,009,893	\$ 1,597,428	\$ (587,535)	(36.8)
Operating grants and contributions	13,177,197	9,407,150	3,770,047	40.1
Taxes and tax items	54,411,022	53,207,520	1,203,502	2.3
Use of money and property	2,073,099	870,035	1,203,064	138.3
Sale of property and compensation for loss	13,969	20,302	(6,333)	(31.2)
State sources—unrestricted	46,211,980	40,927,470	5,284,510	12.9
Miscellaneous	1,140,829	1,284,402	(143,573)	(11.2)
Total revenues	<u>\$ 118,037,989</u>	<u>\$ 107,314,307</u>	<u>\$ 10,723,682</u>	10.0

The most significant sources of revenue for the year ended June 30, 2024 were taxes and tax items of \$54,411,022, or 46.1 percent of total revenues, state sources—unrestricted of \$46,211,980, or 39.2 percent of total revenues, and operating grants and contributions of \$13,177,197, or 11.2 percent of total revenues. Similarly, for the year ended June 30, 2023, the most significant sources of revenue were taxes and tax items of \$53,207,520, or 49.6 percent of total revenues, state sources—unrestricted of \$40,927,470, or 38.1 percent of total revenues, and operating grants and contributions of \$9,407,150, or 8.8 percent of total revenues.

A summary of program expenses for the years ended June 30, 2024 and June 30, 2023 is presented below in Table 4:

Table 4—Summary of Program Expenses

	Year Ended June 30,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
General support	\$ 14,359,863	\$ 12,881,551	\$ 1,478,312	11.5
Instruction	84,379,267	77,445,588	6,933,679	9.0
Pupil transportation	6,609,234	6,040,488	568,746	9.4
School food service	2,591,246	2,126,186	465,060	21.9
Student activities	449,139	425,287	23,852	5.6
Interest and other fiscal charges	2,265,162	1,178,438	1,086,724	92.2
Total program expenses	<u>\$ 110,653,911</u>	<u>\$ 100,097,538</u>	<u>\$ 10,556,373</u>	10.5

The most significant expense items for the year ended June 30, 2024 were instruction of \$84,379,267, or 76.3 percent of total expenses, general support of \$14,359,863, or 13.0 percent of total expenses, and pupil transportation of \$6,609,234, or 6.0 percent of total expenses. Similarly, for the year ended June 30, 2023, the most significant expense items were instruction of \$77,445,588, or 77.4 percent of total expenses, general support of \$12,881,551, or 12.9 percent of total expenses, and pupil transportation of \$6,040,488, or 6.0 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, *unassigned fund balance* and *fund balance assigned to specific use* in special revenue funds may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the Board of Education.

As of June 30, 2024, the District’s governmental funds reported a combined ending fund balance of \$1,581,500, a decrease of \$11,004,430 from the prior year. Excluding the effects of the \$35,982,795 fund balance deficit in the Capital Projects Fund, \$4,222,710, of this amount constitutes *unassigned fund balance* which is available for spending at the District’s discretion. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned*, to indicate that it is: (1) not in spendable form, \$371,287, (2) restricted for particular purposes, \$28,648,284 or (3) assigned for particular purposes, \$4,322,014.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,239,600, while total fund balance increased to \$34,777,550. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 4.3 percent of total General Fund expenditures and transfers out, while total fund balance represents 35.1 percent of that same amount.

The total fund balance of the District’s General Fund increased by \$5,181,945 during the current fiscal year. During the annual budget process, the District anticipated utilizing \$3,051,839 of fund balance, which included funds appropriated from unrestricted fund balance (\$2,680,924), and the appropriation of prior year’s encumbrances (\$370,915). As a result of spending less than anticipated, the District’s General Fund fund balance ended \$8,233,784 higher than expected.

The Special Aid Fund maintains funds that are received by the State and Federal governments. Revenues for the year ended June 30, 2024 totaled \$7,021,393 and were comprised of State and Federal sources. Expenditures totaled \$7,274,529 and were used primarily towards the instruction and transportation of students. The difference between revenues and expenditures was subsidized by a transfer from the General Fund.

The fund balance within the Capital Projects Fund decreased by \$16,378,064 during the year ended June 30, 2024, to an ending fund balance deficit of \$35,982,795. Capital outlay is supported primarily by short-term debt which is the cause of the deficit.

General Fund Budgetary Highlights

The District’s General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year’s encumbrances since the funds were allocated under the previous year’s budget, and the District has appropriately assigned an equal amount of fund balance at year-end for this purpose. A summary of revisions from adopted budget to final budget is presented in Table 5 on the following page.

Table 5—General Fund Budget

Adopted budget, 2023 - 2024	\$ 102,237,308
Add: Prior year's encumbrances	<u>370,915</u>
Original budget, 2023 - 2024	102,608,223
Budget revisions: state aid	<u>74,327</u>
Final budget, 2023 - 2024	<u>\$ 102,682,550</u>

More detailed information about the District’s General Fund budget is presented in the Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual—General Fund within the Requirement Supplementary Information section of this report.

Capital Asset and Debt Administration

Capital assets—The District’s investment in capital assets for its governmental activities as of June 30, 2024, amounted to \$123,397,255 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and right-to-use lease equipment. All depreciable capital assets were depreciated/amortized from acquisition date to the end of the current year, as outlined in the District’s capital asset policy.

Capital assets, net of depreciation/amortization for the governmental activities at June 30, 2024 and June 30, 2023 are presented in Table 6 below:

Table 6 - The District’s Capital Assets (Net of Accumulated Depreciation/Amortization)

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 802,150	\$ 802,150
Construction in progress	16,221,874	24,134,735
Land improvements	9,033,511	9,606,604
Buildings and building improvements	93,394,438	68,060,307
Equipment and vehicles	3,920,346	3,931,328
Right-to-use lease equipment	<u>24,936</u>	<u>37,788</u>
Total	<u>\$ 123,397,255</u>	<u>\$ 106,572,912</u>

Additional information on the District’s capital assets is presented in Note 4 to the financial statements.

Long-term liabilities—At June 30, 2024, the District reported total long-term liabilities of \$50,472,588, as compared to \$58,197,927 in the prior year. Of the total long-term liabilities at June 30, 2024, \$30,225,000 represents serial bonds issued by the District. During the year ended June 30, 2024, the District’s total bonded indebtedness decreased by \$4,338,000 as a result of scheduled principal payments during the year.

A summary of the District’s long-term liabilities at June 30, 2024 and June 30, 2023 is presented in Table 7 on the following page.

Table 7—Summary of Long-Term Liabilities

	June 30,	
	2024	2023
Serial bonds	\$ 30,225,000	\$ 34,563,000
Premium on serial bonds	736,776	837,155
Lease liability	24,051	36,920
Compensated absences	6,257,706	6,012,057
Workers' compensation	1,421,283	1,553,732
OPEB obligation	4,454,787	4,329,594
Net pension liability	7,352,985	10,865,469.00
Total	<u>\$ 50,472,588</u>	<u>\$ 58,197,927</u>

Additional information on the District’s long-term liabilities can be found in Note 11 to the financial statements.

Economic Factors and Next Year’s Budget and Rates

The unemployment rate, not seasonally adjusted, for the region at June 30, 2024 was 3.1 percent. This compares to New York State’s average unemployment rate of 4.2 percent. These factors, as well as others, are considered in preparing the District’s budget.

During the current fiscal year, the District appropriated \$2,946,019 of the General Fund’s fund balance for spending in the District’s 2024-2025 fiscal year budget. The 2024-2025 adopted budget appropriations total of \$105,990,000 is an approximate increase of 3.7 percent as compared to the \$102,237,308 budgeted appropriations in 2023-2024.

Request for Information

This financial report is designed to provide our taxpayers, customers and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Robert McDow, Assistant Superintendent for Finance and Operations, Frontier Central School District, 5120 Orchard Avenue, Hamburg, New York 14075.

BASIC FINANCIAL STATEMENTS

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FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Net Position
June 30, 2024

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 5,459,453
Restricted cash and cash equivalents	39,354,508
Receivables	275,840
Intergovernmental receivables	9,000,186
Cash value of life insurance	253,507
Prepays	18,607
Inventories	99,173
Capital assets not being depreciated/amortized	17,024,024
Capital assets, net of accumulated depreciation/amortization	106,373,231
Total assets	177,858,529
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	21,515,870
Deferred outflows—relating to OPEB	105,813
Total deferred outflows of resources	21,621,683
LIABILITIES	
Accounts payable	2,330,772
Retainages payable	690,313
Accrued liabilities	1,325,559
Due to retirement systems	4,854,761
Unearned revenue	79,162
Bond anticipation notes payable	44,460,245
Noncurrent liabilities:	
Due within one year	4,876,367
Due in more than one year	45,596,221
Total liabilities	104,213,400
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pension plans	4,325,349
Deferred inflows—relating to OPEB	861,626
Total deferred inflows of resources	5,186,975
NET POSITION	
Net investment in capital assets	57,466,039
Restricted for:	
Workers' compensation	4,164,307
Retirement contribution	6,902,590
Tax certiorari	376,612
Employee benefits	9,356,374
Capital projects	5,925,128
Student activities	195,572
Unrestricted	5,693,215
Total net position	\$ 90,079,837

The notes to the financial statements are an integral part of this statement.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Activities
Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Governmental activities:				
General support	\$ 14,359,863	\$ -	\$ -	\$ (14,359,863)
Instruction	84,379,267	301,012	10,663,673	(73,414,582)
Pupil transportation	6,609,234	-	-	(6,609,234)
School food service	2,591,246	271,677	2,513,524	193,955
Student activities	449,139	437,204	-	(11,935)
Interest and other fiscal charges	2,265,162	-	-	(2,265,162)
Total primary government	<u>\$ 110,653,911</u>	<u>\$ 1,009,893</u>	<u>\$ 13,177,197</u>	<u>(96,466,821)</u>
General revenues:				
				47,025,508
				7,385,514
				2,073,099
				13,969
				46,211,980
				1,140,829
Total general revenues				<u>103,850,899</u>
Change in net position				7,384,078
Net position—beginning				<u>82,695,759</u>
Net position—ending				<u>\$ 90,079,837</u>

The notes to the financial statements are an integral part of this statement.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2024

	<u>Special Revenue</u>			<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 5,451,275	\$ 8,178	\$ 5,459,453
Restricted cash and cash equivalents	21,821,236	10,631	14,817,406	2,705,235	39,354,508
Receivables	268,924	-	-	6,916	275,840
Intergovernmental receivables	4,414,905	4,108,098	-	477,183	9,000,186
Due from other funds	14,409,315	-	-	417,319	14,826,634
Cash value of life insurance	253,507	-	-	-	253,507
Prepays	1,717	16,890	-	-	18,607
Inventories	-	-	-	99,173	99,173
Total assets	<u>\$ 41,169,604</u>	<u>\$ 4,135,619</u>	<u>\$ 20,268,681</u>	<u>\$ 3,714,004</u>	<u>\$ 69,287,908</u>
LIABILITIES					
Accounts payable	\$ 514,096	\$ 434,401	\$ 1,368,589	\$ 13,686	\$ 2,330,772
Accrued liabilities	1,153,458	26	-	1,350	1,154,834
Due to other funds	-	3,622,990	10,422,642	781,002	14,826,634
Due to retirement systems	4,724,500	-	-	130,261	4,854,761
Unearned revenue	-	78,202	-	960	79,162
Bond anticipation notes payable	-	-	44,460,245	-	44,460,245
Total liabilities	<u>6,392,054</u>	<u>4,135,619</u>	<u>56,251,476</u>	<u>927,259</u>	<u>67,706,408</u>
FUND BALANCES (DEFICIT)					
Nonspendable	255,224	16,890	-	99,173	371,287
Restricted	26,725,011	-	-	1,923,273	28,648,284
Assigned	3,557,715	-	-	764,299	4,322,014
Unassigned	4,239,600	(16,890)	(35,982,795)	-	(31,760,085)
Total fund balances (deficit)	<u>34,777,550</u>	<u>-</u>	<u>(35,982,795)</u>	<u>2,786,745</u>	<u>1,581,500</u>
Total liabilities and fund balances (deficit)	<u>\$ 41,169,604</u>	<u>\$ 4,135,619</u>	<u>\$ 20,268,681</u>	<u>\$ 3,714,004</u>	<u>\$ 69,287,908</u>

The notes to the financial statements are an integral part of this statement.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
June 30, 2024

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances (deficit)—governmental funds (page 14)	\$	1,581,500
Capital and right-to-use lease assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$180,076,628 and the accumulated depreciation/amortization is \$56,679,373.		123,397,255
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$	4,553,868
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion		16,962,002
Deferred inflows of resources related to pension plans		<u>(4,325,349)</u>
		17,190,521
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to experience and employer contributions	\$	105,813
Deferred inflows related to experience and changes of assumptions		<u>(861,626)</u>
		(755,813)
Retained percentages are not a current liability and, therefore are not reported in the fund statements.		(690,313)
Net accrued interest expense for serial bonds and bond anticipation notes is not reported in the fund statements.		(170,725)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$	(30,225,000)
Premium on serial bonds		(736,776)
Lease liability		(24,051)
Compensated absences		(6,257,706)
Workers' compensation		(1,421,283)
OPEB obligation		(4,454,787)
Net pension liability		<u>(7,352,985)</u>
		<u>(50,472,588)</u>
Net position of governmental activities	\$	<u><u>90,079,837</u></u>

The notes to the financial statements are an integral part of this statement.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds
Year Ended June 30, 2024

	<u>Special Revenue</u>			<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Governmental Funds</u>
REVENUES					
Real property taxes	\$ 42,027,855	\$ -	\$ -	\$ -	\$ 42,027,855
Real property tax items	4,997,653	-	-	-	4,997,653
Non-property tax items	7,385,514	-	-	-	7,385,514
Charges for services	301,012	-	-	-	301,012
Use of money and property	2,072,505	-	-	594	2,073,099
Sale of property and compensation for loss	13,969	-	-	-	13,969
Miscellaneous	646,844	-	384,531	9,075	1,040,450
State sources	46,692,311	1,729,758	2,977,530	960,867	52,360,466
Federal sources	184,419	5,291,635	-	1,552,657	7,028,711
Sales—food service	-	-	-	271,677	271,677
Student activity collections	-	-	-	437,204	437,204
Total revenues	<u>104,322,082</u>	<u>7,021,393</u>	<u>3,362,061</u>	<u>3,232,074</u>	<u>117,937,610</u>
EXPENDITURES					
Current:					
General support	9,982,569	634,875	-	-	10,617,444
Instruction	55,985,054	6,403,574	-	-	62,388,628
Pupil transportation	4,650,678	236,080	-	-	4,886,758
Employee benefits	20,469,028	-	-	344,501	20,813,529
Debt service:					
Principal	4,350,869	-	-	-	4,350,869
Interest and other fiscal charges	2,284,551	-	-	-	2,284,551
Cost of sales (school lunch)	-	-	-	2,246,745	2,246,745
Student activities	-	-	-	449,139	449,139
Capital outlay	-	-	20,904,377	-	20,904,377
Total expenditures	<u>97,722,749</u>	<u>7,274,529</u>	<u>20,904,377</u>	<u>3,040,385</u>	<u>128,942,040</u>
Excess (deficiency) of revenues over expenditures	<u>6,599,333</u>	<u>(253,136)</u>	<u>(17,542,316)</u>	<u>191,689</u>	<u>(11,004,430)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	253,136	1,164,252	-	1,417,388
Transfers out	(1,417,388)	-	-	-	(1,417,388)
Total other financing sources (uses)	<u>(1,417,388)</u>	<u>253,136</u>	<u>1,164,252</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	5,181,945	-	(16,378,064)	191,689	(11,004,430)
Fund balances (deficit)—beginning	29,595,605	-	(19,604,731)	2,595,056	12,585,930
Fund balances (deficit)—ending	<u>\$ 34,777,550</u>	<u>\$ -</u>	<u>\$ (35,982,795)</u>	<u>\$ 2,786,745</u>	<u>\$ 1,581,500</u>

The notes to the financial statements are an integral part of this statement.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund
Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2024

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances (deficit)—total governmental funds (page 16) \$ (11,004,430)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.

Capital asset additions	\$ 21,026,112	
Depreciation expense	<u>(4,201,769)</u>	16,824,343

Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues.

(46,706)

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

District pension contributions	\$ 5,668,093	
Employee contributions net of benefits earned	<u>(9,422,162)</u>	(3,754,069)

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization.

1,132,696

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.

19,389

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and related items is as follows:

Repayment of serial bonds	\$ 4,338,000	
Amortization of premiums on serial bonds	100,379	
Change in compensated absences	(245,649)	
Repayment of leases	12,869	
Change in workers' compensation	132,449	
Change in other postemployment benefits obligation	<u>(125,193)</u>	<u>4,212,855</u>

Change in net position of governmental activities \$ 7,384,078

The notes to the financial statements are an integral part of this statement.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Funds
June 30, 2024

	<u>Private Purpose Trust</u>
ASSETS	
Restricted cash and cash equivalents	\$ <u>639,977</u>
Total assets	<u>639,977</u>
NET POSITION	
Restricted for scholarships	<u>639,977</u>
Total net position	<u>\$ 639,977</u>

The notes to the financial statements are an integral part of this statement.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Funds
Year Ended June 30, 2024

	Private Purpose Trust
ADDITIONS	
Contributions	\$ 10,500
Interest income	19,682
Total additions	30,182
DEDUCTIONS	
Scholarships awarded	26,549
Total deductions	26,549
Change in fiduciary net position	3,633
Net position—beginning	636,344
Net position—ending	\$ 639,977

The notes to the financial statements are an integral part of this statement.

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FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Financial Statements
Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Frontier Central School District, New York (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District reports no business-type activities or component units.

Reporting Entity

The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Support services such as transportation of pupils, food service, administration, finance and plant maintenance are also included.

The financial reporting entity includes all funds, functions and organizations over which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Extraclassroom Activity Funds—The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management; however, since the District has administrative involvement with these funds they are reported within the District’s Student Activities Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office.

Joint Venture—The District is a participating school district in the Erie 1 Board of Cooperative Education Services (“BOCES”). Formed under Section 1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES. All BOCES property is held by the BOCES Board as a corporation under Section 1950(6) of Education Law.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of General Municipal Law.

The BOCES budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES. As of June 30, 2024, there was no debt issued by the District on behalf of BOCES.

During the fiscal year ended June 30, 2024, the District was billed \$9,747,753 for BOCES administrative and program costs. Audited financial statements are available from the Erie 1 BOCES administrative offices.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the District’s various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

- **General Fund**—The General Fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal sources of revenues for the General Fund are real property taxes and state sources.
- **Special Aid Fund**—The Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.

- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

The District also reports the following nonmajor governmental funds:

- *School Lunch Fund*—The School Lunch Fund is used to account for transactions of the District’s food service operations.
- *Student Activities Fund*—The Student Activities Fund is used to account for extraclassroom transactions, which represents funds of the students of the District. The District exercises administrative involvement with these funds.
- *Debt Service Fund*—The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Fiduciary Funds—These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary Funds include the *Private Purpose Trust Fund*. The *Private Purpose Trust Fund* is used to account for assets held by the District for scholarships.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they

are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period and certain grant revenues to be available if they are expected to be collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and pensions are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, non-property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability (within 90 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability (within 90 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the District.

The Private Purpose Trust Fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The District’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the District’s investment policies. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. The District reported no investments at June 30, 2024; however, when the District does have investments they are recorded at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent unspent debt proceeds, amounts to support unearned revenues, restricted fund balances, and amounts held on behalf of others.

Receivables—Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance or uncollectible accounts has been provided since it is believed that such allowance would not be material.

Cash Value of Life Insurance—Cash value of life insurance is stated at the lower of accumulated premiums or surrender value of the contracts.

Inventories—Inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Capital Assets—Capital assets, which include land, construction in progress, land improvements, buildings and improvements, equipment and vehicles, and right-to-use lease equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than an established threshold of \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. The

reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value of the item at the date of its donation. Major outlays for capital assets and improvements are capitalized as projects are completed. Right-to-use lease equipment are initially measured as the amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs and are amortized on a straight-line basis over their useful lives.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Capitalization Threshold	Estimated Useful Life (Years)
Land improvements	\$ 5,000	20
Buildings and improvements	5,000	20-50
Furniture, equipment and vehicles	5,000	5-20
Right-to-use lease equipment	5,000	5-20

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new school bus included as part of *expenditures—pupil transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At June 30, 2024, the District reported \$78,202 and \$960 of unearned revenue in the Special Aid Fund and School Lunch Fund, respectively. The District received grant funding and monies for the purchase of school lunches in advance, but has not performed the services and therefore recognizes a liability.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2024, the District has two items that qualify for reporting in this category. The first item, related to pensions, is reported in the government-wide financial statements. This represents the effect of the net change in the District’s proportion of the collective net pension liability, and the difference during the measurement period between the District’s contributions, its proportionate share of total contribution to the pension systems not included in pension expense, and any contributions to the pension systems subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the District’s proportion of the collective OPEB liability and difference during the measurement period between certain employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be

recognized as an inflow of resources (revenue) until that time. At June 30, 2023, the District reports two deferred inflows of resources on the government-wide financial statements related to pensions and OPEB, respectively. The first item represents the effect of the net change in the District's proportion of the collective net pension liability and the difference during the measurement periods between the District's contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The second represents the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

Net Position Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the Assistant Superintendent for Finance and Operations to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those

dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—Real property taxes are levied annually as of July 1st by the Board of Education and attached as an enforceable lien. Uncollected real property taxes are subsequently enforced by the County of Erie. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than April 1st.

Compensated Absences—The District labor agreements and District rules and regulations provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Pension Plans—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees, as discussed in Note 7.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"), requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements— During the year ended June 30, 2024, the District implemented the remainder of GASB Statement No. 99, *Omnibus 2022*; and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The remaining portion of GASB Statement No. 99 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53. GASB Statement No. 100 improves financial reporting by enhancing accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statements No. 99 and 100 did not have a material impact on the District's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The District has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 101, *Compensated Absences*; and GASB Statement No. 102, *Certain Risk Disclosures*, effective for the fiscal year ending June 30, 2025, and GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the fiscal year ending June 30, 2026. The District is, therefore, unable to disclose the

impact that adopting GASB Statements No. 101, 102, and 103 will have on its financial position and results of operations when such statements are adopted.

Deficit Fund Balance—The Capital Projects Fund has a deficit fund balance at June 30, 2024 totaling \$35,982,795. This deficit exists because the District issued bond anticipation notes (“BANs”), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenses, and fund balances.) When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs or retire the BANs.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District’s investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The District’s Assistant Superintendent of for Finance and Operations is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposit, time deposit and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash and cash equivalents reported by the District at June 30, 2024, are as follows:

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 170	\$ -	\$ 170
Deposits	44,813,791	639,977	45,453,768
Total	<u>\$ 44,813,961</u>	<u>\$ 639,977</u>	<u>\$ 45,453,938</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2024 as shown below:

	Bank Balance	Carrying Amount
FDIC insured	\$ 642,869	\$ 642,869
Uninsured:		
Collateral held by pledging bank's agent in the District's name	<u>46,806,446</u>	<u>44,810,899</u>
Total	<u>\$ 47,449,315</u>	<u>\$ 45,453,768</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2024, the District’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the District’s name.

Restricted Cash and Cash Equivalents—The District reports unspent proceeds of debt and amounts to support unearned revenues, restricted fund balances, and amounts held on behalf of others as restricted cash and cash equivalents. At June 30, 2024, the District reported \$39,354,508 and \$639,977 of restricted cash within its governmental and fiduciary funds, respectively.

Investments—The District reported no investments at June 30, 2024.

Interest Rate Risk—In accordance with its investment policy, the District manages exposures by limiting investments to low risk type investments governed by New York State statutes.

3. RECEIVABLES

Revenues accrued by the District at June 30, 2024 consisted of the following:

Receivables—Represents amounts due from various sources. Receivables at June 30, 2024 are as follows:

Governmental funds:		
General Fund:		
Pharmacy rebates	\$ 191,266	
Other	<u>77,658</u>	\$ 268,924
Nonmajor Funds:		
School Lunch Fund:		
Rebates		<u>6,916</u>
Total governmental funds		<u>\$ 275,840</u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2024 are presented below:

General Fund:		
New York State - BOCES aid	\$ 1,717,848	
New York State - Excess cost aid	1,450,811	
New York State - Medicaid claims	190,761	
Erie County - Sales tax	<u>1,055,485</u>	\$ 4,414,905
Special Aid Fund:		
New York State - Section 4201 State-Supported Schools	506,723	
New York State - Summer Student with Disabilities	501,729	
New York State - Title I Grants to Local Education Agencies	503,418	
New York State - Grants to States	1,095,929	
New York State - Universal Pre-K	336,850	
New York State - ESSER	1,021,487	
Other	<u>141,962</u>	4,108,098
School Lunch Fund:		
Federal and New York State - Breakfast and lunch programs		<u>477,183</u>
Total governmental funds		<u>\$ 9,000,186</u>

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2024 was as follows:

	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024
Capital assets, not being depreciated/amortized:				
Land	\$ 802,150	\$ -	\$ -	\$ 802,150
Construction in progress	24,134,735	19,713,299	27,626,160	16,221,874
Total capital assets, not being depreciated/amortized	<u>24,936,885</u>	<u>19,713,299</u>	<u>27,626,160</u>	<u>17,024,024</u>
Capital assets, being depreciated/amortized:				
Land improvements	14,266,471	-	-	14,266,471
Buildings and building improvements	107,451,888	27,884,593	-	135,336,481
Equipment and vehicles	13,288,598	1,054,380	957,588	13,385,390
Right-to-use lease equipment	64,262	-	-	64,262
Total capital assets, being depreciated/amortized	<u>135,071,219</u>	<u>28,938,973</u>	<u>957,588</u>	<u>163,052,604</u>
Less accumulated depreciation/amortization for:				
Land improvements	4,659,867	573,093	-	5,232,960
Buildings and building improvements	39,391,581	2,550,462	-	41,942,043
Equipment and vehicles	9,357,270	1,065,362	957,588	9,465,044
Right-to-use lease equipment	26,474	12,852	-	39,326
Total accumulated depreciation/amortization	<u>53,435,192</u>	<u>4,201,769</u>	<u>957,588</u>	<u>56,679,373</u>
Total capital assets, being depreciated/amortized, net	<u>81,636,027</u>	<u>24,737,204</u>	<u>-</u>	<u>106,373,231</u>
Governmental activities capital assets, net	<u>\$ 106,572,912</u>	<u>\$ 44,450,503</u>	<u>\$ 27,626,160</u>	<u>\$ 123,397,255</u>

Depreciation/amortization expense for governmental activities was charged to functions and programs of the primary government as follows:

Governmental activities:	
General support	\$ 572,736
Instruction	3,365,427
Pupil transportation	263,606
Total	<u>\$ 4,201,769</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2024 were as follows:

	General Fund	Special Aid Fund	Nonmajor Funds	Total Governmental Funds
Salaries and employee benefits	\$ 178,443	\$ 26	\$ 1,350	\$ 179,819
Health claims	975,015	-	-	975,015
Total	<u>\$ 1,153,458</u>	<u>\$ 26</u>	<u>\$ 1,350</u>	<u>\$ 1,154,834</u>

6. PENSION PLANS

The District participates in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution retirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Descriptions and Benefits Provided

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

Employees' Retirement System—ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in ERS, 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. ERS 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 Systems are noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3.0%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3.0%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2024, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of June 30, 2023 for TRS and March 31, 2024 for ERS. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2022 and April 1, 2023, respectively, with update procedures used to rollforward the total pension liability to the measurement dates. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2023	March 31, 2024
Net pension liability	\$ 2,485,093	\$ 4,867,892
District's portion of the Plan's total Net pension liability	0.217307%	0.033061%

For the year ended June 30, 2024, the District recognized pension expense of \$6,905,597 and \$2,421,776 for TRS and ERS, respectively. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from sources below:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Difference between expected and actual experiences	\$ 6,025,689	\$ 1,567,944	\$ 14,892	\$ 132,735
Changes of assumptions	5,350,331	1,840,441	1,166,075	-
Net difference between projected and actual earnings on pension plan investments	1,270,330	-	-	2,377,940
Changes in proportion and differences between the District's contributions and proportionate share of contributions	196,034	711,233	614,290	19,417
District contributions subsequent to the measurement date	<u>4,049,904</u>	<u>503,964</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,892,288</u>	<u>\$ 4,623,582</u>	<u>\$ 1,795,257</u>	<u>\$ 2,530,092</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2025	\$ (1,394,100)	\$ (639,063)
2026	9,907,677	1,119,357
2027	683,334	1,544,430
2028	571,797	(435,197)
Thereafter	395,484	-

Actuarial Assumptions—The total pension liability as of the measurement dates were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liability to the respective measurement dates. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2023	March 31, 2024
Actuarial valuation date	June 30, 2022	April 1, 2023
Interest rate	6.95%	5.90%
Salary scale	1.95% - 5.18%	4.40%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2020
Inflation rates	2.40%	2.90%
Cost-of-living adjustments	1.30%	1.50%

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

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

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

Measurement date	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
			June 30, 2023	March 31, 2024
Asset class:				
Domestic equities	33.0 %	32.0 %	6.8 %	4.0 %
International equities	15.0	15.0	7.6	6.7
Global equities	4.0	0.0	7.2	0.0
Private equity	9.0	10.0	10.1	7.3
Real estate	11.0	9.0	6.3	4.6
Opportunistic portfolio/Absolute return strategies	0.0	3.0	0.0	5.3
Credit	0.0	4.0	0.0	5.4
Domestic fixed income securities	16.0	0.0	2.2	0.0
Global bonds	2.0	0.0	1.6	0.0
High-yield bonds	1.0	0.0	4.4	0.0
Private debt	2.0	0.0	6.0	0.0
Real assets	0.0	3.0	0.0	5.8
Real estate debt	6.0	0.0	3.2	0.0
Fixed income	0.0	23.0	0.0	1.5
Cash	1.0	1.0	0.3	0.3
Total	<u>100.0 %</u>	<u>100.0 %</u>		

Discount Rate—The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.90% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart on the following page presents the District’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.95% for TRS and 4.90% for ERS) or one percentage-point higher (7.95% for TRS and 6.90% for ERS) than the current assumption.

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension liability/(asset)	\$ 37,849,223	\$ 2,485,093	\$ (27,257,670)

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension liability/(asset)	\$ 15,305,151	\$ 4,867,892	\$ (1,215,227)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the respective valuation dates, were as follows:

	(Dollar in Thousands)	
	TRS	ERS
Valuation date	June 30, 2022	April 1, 2023
Employers' total pension liability	\$ 138,365,122	\$ 240,696,851
Plan fiduciary net position	<u>137,221,537</u>	<u>225,972,801</u>
Employers' net pension liability	<u>\$ 1,143,585</u>	<u>\$ 14,724,050</u>
System fiduciary net position as a percentage of total pension liability	99.2%	93.9%

Payables to the Pension Plan—For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$4,049,904.

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$503,964.

7. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description—In addition to pension benefits, the District provides group health, vision, and dental insurance benefits to retired employees 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 estimated cost of such benefits totaled \$174,039 for the year ended June 30, 2024.

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

Inactive employees or beneficiaries currently receiving benefit payments	140
Active employees	<u>834</u>
Total	<u>974</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The District’s total OPEB liability of \$4,454,787 was measured three months prior to fiscal year end and was determined by an actuarial valuation dated July 2, 2024, utilizing participant data measured on April 1, 2023.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the July 2, 2024 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 3.78% to 3.98% effective June 30, 2024. The salary scale changed from 3.53% to 3.42% effective June 30, 2024. The mortality rates remained at MP-2021, fully generational tables, while the retirement rates remained unchanged using the Pub-2010 Public Retirement Plan. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 5.10%, while the ultimate healthcare cost trend rate is 3.86%. 75% of Instructional and 25% of Non-Instructional employees are assumed to continue coverage into retirement.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	<u>Total OPEB Liability</u>
Balance at June 30, 2023:	<u>\$ 4,329,594</u>
Changes for the year:	
Service cost	134,802
Interest	162,175
Changes of assumptions	(49,392)
Differences between expected and actual experience	51,647
Benefit payments	<u>(174,039)</u>
Net changes	<u>125,193</u>
Balance at June 30, 2024	<u>\$ 4,454,787</u>

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Total OPEB liability	\$ 4,771,830	\$ 4,454,787	\$ 4,159,664

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the total OPEB liability of a 1% change in the initial (5.10%) and ultimate (3.86%) healthcare cost trend rates.

	1% Decrease (4.10% / 2.86%)	Healthcare Cost Trend Rates (5.10% / 3.86%)	1% Increase (6.10% / 4.86%)
Total OPEB liability	\$ 4,044,660	\$ 4,454,787	\$ 4,923,806

Funding Policy—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various union contracts, which were ratified by the District’s Board of Education. The District contributes funding to satisfy the current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District. The District’s governmental activities contributed \$174,039 for the fiscal year ended June 30, 2024.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The District reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between the employer’s contributions and its proportionate share of the total contributions from employers included in the collective total OPEB liability are required to be determined. The table below presents the District’s deferred outflows of resources and deferred inflows of resources at June 30, 2024.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,422	\$ 509,761
Changes of assumptions	-	351,865
Contributions subsequent to the measurement date	43,391	-
Total	<u>\$ 105,813</u>	<u>\$ 861,626</u>

The District’s benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown on the following page.

<u>Year Ending June 30,</u>	
2025	\$ (304,193)
2026	(97,104)
2027	(97,104)
2028	(97,104)
2029	(97,104)
Thereafter	(106,595)

8. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets, vehicle liability, injuries to employees, health insurance, unemployment insurance, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The District purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past three fiscal years. The general liability insurance is limited to \$1 million per occurrence and a \$3 million aggregate. All other policies have limits ranging from \$2,500 to \$10,000,000.

Workers' Compensation—The District is self-insured pursuant to Article 5 of the Workers' Compensation law to finance the liability and risks related to workers' compensation claims. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The District maintains excess insurance that limits self-insured claims to \$600,000 per incident and \$1,000,000 in the aggregate.

9. LEASES

The District is a lessee for a noncancellable lease of various equipment. The District recognizes a liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities that are significant individually, or in the aggregate, to the financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rates charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

During previous years, the District entered into long-term lease agreements as the lessee for the acquisition and use of various equipment. As of June 30, 2024, the value of the lease liability was \$24,051. The District is required to make annual principal and interest payments on the equipment ranging from \$3,090 to \$10,111. The leases have interest rates of 2.87%. The value of the right-to-use lease assets as of the end of the current fiscal year was \$64,262 and had accumulated amortization of \$39,326.

The future principal and interest payments as of June 30, 2024, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 10,111	\$ 558	\$ 10,669
2026	10,405	264	10,669
2027	<u>3,535</u>	<u>21</u>	<u>3,556</u>
Totals	<u>\$ 24,051</u>	<u>\$ 843</u>	<u>\$ 24,894</u>

10. SHORT-TERM DEBT

Liabilities for bond anticipation notes (“BANs”) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. A summary of the District’s short-term debt for the fiscal year ended June 30, 2024 is shown below:

Description	Interest Rate	Maturity Date	Balance 7/1/2023	Issues	Redemptions	Balance 6/30/2024
Capital Projects Fund:						
Various purposes	5.00%	6/27/2024	\$ 28,000,000	\$ -	\$ 28,000,000	\$ -
Various purposes	3.75%	7/19/2023	2,059,253	-	2,059,253	-
Various purposes	4.50%	6/26/2025	-	42,415,000	-	42,415,000
Various purposes	5.00%	7/18/2024	-	<u>2,045,245</u>	-	<u>2,045,245</u>
Total			<u>\$ 30,059,253</u>	<u>\$ 44,460,245</u>	<u>\$ 30,059,253</u>	<u>\$ 44,460,245</u>

11. LONG-TERM LIABILITIES

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

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

The District’s outstanding long-term liabilities include bonds payable, lease liability, compensated absences, workers’ compensation liability, other postemployment benefits obligation and net pension liability. The serial bonds of the District are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the District’s long-term liabilities for the year ended June 30, 2024 follows:

	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Due Within One Year
Serial bonds	\$ 34,563,000	\$ -	\$ 4,338,000	\$ 30,225,000	\$ 4,395,000
Premium on serial bonds	837,155	-	100,379	736,776	87,307
Bonds payable, net	35,400,155	-	4,438,379	30,961,776	4,482,307
Lease liability	36,920	-	12,869	24,051	10,111
Compensated absences*	6,012,057	245,649	-	6,257,706	312,885
Workers' compensation	1,553,732	29,183	161,632	1,421,283	71,064
OPEB obligation	4,329,594	348,624	223,431	4,454,787	-
Net pension liability*	10,865,469	-	3,512,484	7,352,985	-
Total	<u>\$ 58,197,927</u>	<u>\$ 623,456</u>	<u>\$ 8,348,795</u>	<u>\$ 50,472,588</u>	<u>\$ 4,876,367</u>

(*Activity for compensated absences and the net pension liability is shown net.)

Serial Bonds—The District issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities that range from 2 to 14 years.

In the event of a default in the payment of the principal of or interest on the serial bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

The District does not hold any lines of credit.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the Debt Service Fund. A summary of additions and payments for the year ended June 30, 2024 is shown on the following page.

Description	Original Issue	Interest Rate (%)	Year of Issue/ Maturity	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024
2015 Refunding Bond	\$ 4,580,000	2.00-4.00	2016/2032	\$ 2,705,000	\$ -	\$ 265,000	\$ 2,440,000
2016 Refunding Bond	5,715,000	1.00-4.00	2017/2025	1,545,000	-	765,000	780,000
2017 Serial Bond	23,935,000	2.00-3.00	2018/2031	13,685,000	-	1,710,000	11,975,000
2021 Serial Bond	16,570,000	2.00	2021/2034	15,030,000	-	1,495,000	13,535,000
2022 Serial Bond	1,598,000	3.25-3.75	2022/2036	1,598,000	-	103,000	1,495,000
Total				<u>\$ 34,563,000</u>	<u>\$ -</u>	<u>\$ 4,338,000</u>	<u>\$ 30,225,000</u>

Premiums on Serial Bonds—Governmental funds report the effect of premiums when the debt is first issued, whereas these amounts are deferred and amortized within governmental activities. The unamortized premiums at June 30, 2024 totaled \$736,776.

Lease Liability—The District entered into long-term leases for various equipment. The outstanding balance at June 30, 2024 was \$24,051. Refer to Note 9 for additional information related to the District’s leases.

Compensated Absences—The District records the value of compensated absences in the government-wide financial statements. The liability for compensated absences consists of unpaid accumulated annual sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and other employees expected to become eligible in the future to receive such payments are included. The annual budgets of the operating funds provide for these benefits as they become due. The liability for compensated absences at June 30, 2024 amounts to \$6,257,706, of which \$312,885 has been included within the current portion of long-term debt. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

Workers’ Compensation—Accrued workers’ compensation, which totals \$1,421,283 represents the City’s estimate of both asserted and unasserted workers’ compensation losses. The payments related to these liabilities are dependent upon many factors and, therefore, timing of future payments are not readily determinable. Refer to Note 8 for additional information related to workers’ compensation.

OPEB Obligation—As explained in Note 7, the District provides health insurance coverage for certain retirees. The District’s annual postemployment benefit (“OPEB”) cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. The long-term OPEB obligation is estimated to be \$4,454,787 at June 30, 2024.

Net Pension Liability—The District reported liabilities, \$2,485,093 and \$4,867,892, for its proportionate share of the net pension liability for the Teachers’ Retirement System and Employees’ Retirement System, respectively. Refer to Note 6 for additional information related to the District’s net pension liabilities.

The following is a maturity schedule of the District's indebtedness:

Year Ending June 30,	Serial Bonds	Premium on Serial Bonds	Lease Liability	Compensated Absences	Workers' Compensation	OPEB Obligation	Net Pension Liability	Total
2025	\$ 4,395,000	\$ 87,307	\$ 10,111	\$ 312,885	\$ 71,064	\$ -	\$ -	\$ 4,876,367
2026	3,765,000	74,234	10,405	-	-	-	-	3,849,639
2027	3,815,000	74,234	3,535	-	-	-	-	3,892,769
2028	3,540,000	74,234	-	-	-	-	-	3,614,234
2029	3,600,000	74,234	-	-	-	-	-	3,674,234
2030-2034	9,915,000	303,111	-	-	-	-	-	10,218,111
2035-2036	1,195,000	49,422	-	-	-	-	-	1,244,422
Thereafter	-	-	-	5,944,821	1,350,219	4,454,787	7,352,985	19,102,812
Total	<u>\$ 30,225,000</u>	<u>\$ 736,776</u>	<u>\$ 24,051</u>	<u>\$ 6,257,706</u>	<u>\$ 1,421,283</u>	<u>\$ 4,454,787</u>	<u>\$ 7,352,985</u>	<u>\$ 50,472,588</u>

Interest requirements on serial bonds and leases are as follows:

Year Ending June 30,	Serial Bonds	Lease Liability	Total
2025	\$ 725,947	\$ 558	\$ 726,505
2026	626,560	264	626,824
2027	544,163	21	544,184
2028	459,188	-	459,188
2029	361,519	-	361,519
2030-2034	655,593	-	655,593
2035-2036	22,503	-	22,503
Total	<u>\$ 3,395,473</u>	<u>\$ 843</u>	<u>\$ 3,396,316</u>

12. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted Net Position**—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents net position of the District not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the District at June 30, 2024 includes:

- **Cash Value of Life Insurance**—Represents long-term investments in the District’s life insurance contract of \$253,507.
- **Prepaid Items**—Represents the portion of fund balance composed of prepaid expenditures that are applicable to future accounting periods. The District reported \$1,717 and \$16,890 in the General Fund and the Special Aid Fund, respectively, of nonspendable fund balance representing prepaid expenses.
- **Inventories**—Represents the portion of fund balance, \$99,173, composed of inventory. This balance is nonspendable as the inventory does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. At June 30, 2024, the District had restricted funds as shown below:

	General	Total	
	Fund	Nonmajor	Total
		Funds	
Workers' compensation	\$ 4,164,307	\$ -	\$ 4,164,307
Retirement contribution	6,902,590	-	6,902,590
Tax certiorari	376,612	-	376,612
Employee benefits	9,356,374	-	9,356,374
Capital projects	5,925,128	-	5,925,128
Debt service	-	1,727,701	1,727,701
Student activities	-	195,572	195,572
Total	<u>\$ 26,725,011</u>	<u>\$ 1,923,273</u>	<u>\$ 28,648,284</u>

- **Workers’ Compensation**—According to General Municipal Law Section 6-j, this restriction must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers’ Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of the fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year’s budget.
- **Retirement Contribution**—According to General Municipal Law Section 6-r, this restriction must be used to pay “retirement contributions”. The restriction may be established by Board resolution; there are no referendum requirements to create the funds or expend money from the funds. The Board may authorize the transfer of the moneys to a reserve fund established pursuant to Sections 6c-g of the GML or Section 3651 of Education Law.

- **Tax Certiorari**—According to Education Law Section 3651.1-a, this restriction 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 restriction shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeds 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.
- **Employee Benefits**—According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit due an employee upon termination of the employee’s service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- **Capital Projects**—According to Education Law Section 3651, this restriction must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the restriction 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 Section 3651 of the Education Law.
- **Debt Service**—According to General Municipal Law Section 6-l, the mandatory reserve for debt service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from unspent debt proceeds and premiums.
- **Student Activities**—Amounts generated by the Extraclassroom Activities of the District, which are restricted for use only within the Student Activities Fund for specified student activities.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District’s highest level of decision-making authority. As of June 30, 2024, the District reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the District at June 30, 2024 and include:

	General Fund	Total Nonmajor Funds	Total
Subsequent year's expenditures	\$ 2,946,019	\$ -	\$ 2,946,019
Encumbrances	611,696	174,269	785,965
Specific use	-	590,030	590,030
Total	<u>\$ 3,557,715</u>	<u>\$ 764,299</u>	<u>\$ 4,322,014</u>

- **Assigned to Subsequent Year’s Expenditures**—Representing available fund balance being appropriated to meet expenditure requirements in the 2024-2025 fiscal year.

- *Assigned to Encumbrances*—Represents amounts related to unperformed (executory) contracts for goods and services.
- *Assigned to Specific Use*—Representing fund balance within the special revenue funds that is assigned for a specific purpose. The assignments’ purpose relates to each fund’s operations and represent remaining amounts within funds that are not restricted or committed.

If the District must use funds for emergency expenditures, the Board of Education shall authorize the Assistant Superintendent of Business and Support Services to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the District will use unassigned fund balance.

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2024 is as shown below:

Fund	Interfund	
	Receivable	Payable
Governmental Funds:		
General Fund	\$ 14,409,315	\$ -
Special Aid Fund	-	3,622,990
Capital Projects Fund	-	10,422,642
Nonmajor Funds	417,319	781,002
Total governmental funds	<u>\$ 14,826,634</u>	<u>\$ 14,826,634</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The District made the following transfers during the year ended June 30, 2024:

Fund	Transfers in:		Total
	Special Aid Fund	Capital Projects Fund	
Transfers out:			
General Fund	\$ 253,136	\$ 1,164,252	\$ 1,417,388
Total	<u>\$ 253,136</u>	<u>\$ 1,164,252</u>	<u>\$ 1,417,388</u>

Transfers are used to finance certain special aid programs and capital projects.

14. SCHOLARSHIPS—PRIVATE PURPOSE TRUST

Within the Private-Purpose Trust, the District maintains various scholarships funds. The funds are increased through interest earnings and contributions and decreased through annual awards. A summary of the Private-Purpose Trust Fund balances in the accounts at June 30, 2024 is presented on the following page.

Richard Verreault-Noreen Falkner Scholarship	\$ 3,052
Alexander Patterson Scholarship	23,256
Rober O. Starr Award	2,388
S.J. Grottanelli Scholarship	7,072
Blasdell Highschool Scholarship	182
Walter Sikes Scholarship	2,440
C.H. Mead Scholarship	515
Dorothy Klimowicz Scholarship	3,260
Alice I. Royce Scholarship	4,332
Detective Sgt. Joseph Larosa Memorial	603
Michael J. Sutfin Scholarship	132
Arsillio Capuani Scholarship	277
Spicer Scholarship	526,919
Brian W. Moore Memorial Scholarship	22,149
Franc E. Titus Scholarship	5,902
Elma L. Titus Scholarship	6,689
Tara Panzarella Memorial Scholarship	7,141
The Kenny Award	214
Frontier Secretaries Association Scholarship	983
William Rauch Scholarship	222
Lois Koss Memorial Scholarship	23
Frontier Annual Scholarship	22,226
Total	<u>\$ 639,977</u>

15. LABOR CONTRACTS

District employees are represented by four bargaining units, with the balance governed by Board of Education rules and regulations. Negotiated contracts are in place through June 30, 2027 for the Frontier Central Administrative and Supervisory Association, through June 30, 2026 for the Frontier Central Registered Nurses' Association, and through June 30, 2025 for the Frontier Central Employees' Association and the Frontier Central Teachers' Association.

16. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The District considers encumbrances to be significant for amounts that are encumbered in excess of \$10,000. As of June 30, 2024, the District reports the following significant encumbrances within the General Fund and School Lunch Fund:

Description	Amount Encumbered
General Fund:	
Lane scanning equipment	\$ 145,407
Cameras	20,320
Special education	96,510
BOCES services	52,703
Cloud services	30,480
School Lunch Fund:	
Furniture	159,720

17. TAX ABATEMENTS

The District is subject to tax abatements granted by the the Erie County Industrial Development Agency (“ECIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the ECIDA and incentives include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the District, the abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by ECIDA, the District collected \$933,830 during the 2023 - 2024 fiscal year in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$1,680,090 in property taxes.

18. CONTINGENCIES

Litigation—Various legal actions are pending against the District. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the District.

Grants—In the normal course of business, the District receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other—The District is involved in litigation in the ordinary course of its operations. The District believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the District’s financial condition or results of operation.

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 15, 2024, which is the date the financial statements are available for issuance, and has determined, except as disclosed below, there are no subsequent events that require disclosure under generally accepted accounting principles.

- On July 17, 2024, the District issued bond anticipation notes in the amount of \$2,053,716 with an interest rate of 4.50% and with a maturity date of July 17, 2025.

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REQUIRED SUPPLEMENTARY INFORMATION

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FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—
Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability/(asset)	0.217307%	0.221510%	0.211416%	0.208508%	0.206507%	0.204187%	0.202696%	0.200839%	0.201219%	0.199165%
District's proportionate share of the net pension liability/(asset)	<u>\$ 2,485,093</u>	<u>\$ 4,250,545</u>	<u>\$ (36,636,393)</u>	<u>\$ 5,761,645</u>	<u>\$ (5,365,054)</u>	<u>\$ (3,692,246)</u>	<u>\$ (1,540,688)</u>	<u>\$ 2,151,073</u>	<u>\$ (20,900,283)</u>	<u>\$ (22,185,698)</u>
District's covered payroll	\$ 40,688,242	\$ 40,439,434	\$ 38,138,195	\$ 35,390,446	\$ 34,720,230	\$ 33,606,676	\$ 32,120,579	\$ 30,991,259	\$ 30,225,884	\$ 29,419,717
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	6.1%	10.5%	(96.1%)	16.3%	(15.5%)	(11.0%)	(4.8%)	6.9%	(69.1%)	(75.4%)
Plan fiduciary net position as a percentage of the total pension liability	99.2%	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,049,904	\$ 3,845,654	\$ 3,419,305	\$ 3,135,594	\$ 3,097,753	\$ 3,660,284	\$ 3,258,316	\$ 3,758,675	\$ 4,186,421	\$ 5,371,978
Contributions in relation to the contractually required contribution	<u>(4,049,904)</u>	<u>(3,845,654)</u>	<u>(3,419,305)</u>	<u>(3,135,594)</u>	<u>(3,097,753)</u>	<u>(3,660,284)</u>	<u>(3,258,316)</u>	<u>(3,758,675)</u>	<u>(4,186,421)</u>	<u>(5,371,978)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 41,887,582	\$ 40,688,242	\$ 39,449,747	\$ 36,243,440	\$ 35,390,446	\$ 34,720,230	\$ 33,606,676	\$ 32,120,579	\$ 30,991,259	\$ 30,225,884
Contributions as a percentage of covered payroll	9.7%	9.5%	8.7%	8.7%	8.8%	10.5%	9.7%	11.7%	13.5%	17.8%

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
District's proportion of the net pension liability	0.0330610%	0.0308474%	0.0295116%	0.0300213%	0.029693%	0.029957%	0.028875%	0.030700%	0.031920%	0.033097%
District's proportionate share of the net pension liability/(asset)	<u>\$ 4,867,892</u>	<u>\$ 6,614,924</u>	<u>\$ (2,412,450)</u>	<u>\$ 29,893</u>	<u>\$ 7,862,822</u>	<u>\$ 2,122,535</u>	<u>\$ 931,911</u>	<u>\$ 2,884,615</u>	<u>\$ 5,123,257</u>	<u>\$ 1,118,096</u>
District's covered payroll	\$ 13,514,846	\$ 12,037,589	\$ 10,537,770	\$ 10,302,572	\$ 10,427,688	\$ 10,151,868	\$ 9,945,946	\$ 9,320,776	\$ 9,447,556	\$ 9,249,399
District's proportionate share of the net pension liability as a percentage of its covered payroll	36.0%	55.0%	(22.9%)	0.3%	75.4%	20.9%	9.4%	30.9%	54.2%	12.1%
Plan fiduciary net position as a percentage of the total pension liability	93.9%	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,538,227	\$ 1,203,011	\$ 1,686,869	\$ 1,515,646	\$ 1,546,502	\$ 1,482,268	\$ 1,433,342	\$ 1,548,078	\$ 1,642,155	\$ 1,848,331
Contributions in relation to the contractually required contribution	(1,538,227)	(1,203,011)	(1,686,869)	(1,515,646)	(1,546,502)	(1,715,884)	(1,685,390)	(1,658,630)	(1,804,983)	(2,023,088)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 13,832,131	\$ 12,865,642	\$ 10,895,191	\$ 10,087,573	\$ 10,623,960	\$ 10,225,157	\$ 10,080,677	\$ 9,513,256	\$ 9,397,076	\$ 9,511,756
Contributions as a percentage of covered payroll	11.1%	9.4%	15.5%	15.0%	14.6%	14.5%	14.2%	16.3%	17.5%	19.4%

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FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Seven Fiscal Years*

	Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 134,802	\$ 176,229	\$ 306,624	\$ 323,373	\$ 270,900	\$ 195,231	\$ 159,015
Interest	162,175	140,866	185,316	204,345	283,118	197,990	190,152
Differences between expected and actual experience	51,647	(676,895)	276,993	(371,651)	(961,018)	2,538,890	201,601
Changes of assumptions	(49,392)	(111,969)	(3,590,435)	162,963	660,431	74,678	77,979
Benefit payments	(174,039)	(234,191)	(378,316)	(296,364)	(336,779)	(184,456)	(206,078)
Net changes in total OPEB liability	125,193	(705,960)	(3,199,818)	22,666	(83,348)	2,822,333	422,669
Total OPEB liability—beginning	4,329,594	5,035,554	8,235,372	8,212,706	8,296,054	5,473,721	5,051,052
Total OPEB liability—ending	<u>\$ 4,454,787</u>	<u>\$ 4,329,594</u>	<u>\$ 5,035,554</u>	<u>\$ 8,235,372</u>	<u>\$ 8,212,706</u>	<u>\$ 8,296,054</u>	<u>\$ 5,473,721</u>
Plan fiduciary net position							
Contributions—employer	\$ 174,039	\$ 234,191	\$ 378,316	\$ 296,364	\$ 336,779	\$ 184,456	\$ 206,078
Benefit payments	(174,039)	(234,191)	(378,316)	(296,364)	(336,779)	(184,456)	(206,078)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>						
District's net OPEB liability—ending	<u>\$ 4,454,787</u>	<u>\$ 4,329,594</u>	<u>\$ 5,035,554</u>	<u>\$ 8,235,372</u>	<u>\$ 8,212,706</u>	<u>\$ 8,296,054</u>	<u>\$ 5,473,721</u>
Plan's fiduciary net position as a percentage of total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 50,594,017	\$ 48,868,943	\$ 46,706,449	\$ 41,318,182	\$ 40,071,945	\$ 38,769,297	\$ 39,932,376
District's net OPEB liability as a percentage of covered-employee payroll	8.8%	8.9%	10.8%	19.9%	20.5%	21.4%	13.7%

*Information prior to the year ended June 30, 2018 is not available.

The notes to the Required Supplementary Information are an integral part of this schedule.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Real property taxes	\$ 42,008,868	\$ 42,008,868	\$ 42,027,855	\$ 18,987
Real property tax items	4,971,317	4,971,317	4,997,653	26,336
Non-property tax items	5,650,000	5,650,000	7,385,514	1,735,514
Charges for services	470,250	470,250	301,012	(169,238)
Use of money and property	259,998	259,998	2,072,505	1,812,507
Sale of property and compensation for loss	25,250	25,250	13,969	(11,281)
Miscellaneous	439,051	439,051	646,844	207,793
State sources:				
Basic formula and excess cost aid	41,824,775	41,824,775	33,587,321	(8,237,454)
Lottery aid	-	-	8,816,924	8,816,924
BOCES aid	3,425,007	3,425,007	3,601,602	176,595
Textbook aid	-	-	289,911	289,911
Computer software	82,477	82,477	158,595	76,118
Library / loan program	399,391	399,391	31,825	(367,566)
Records management	-	74,327	-	(74,327)
Miscellaneous	-	-	206,133	206,133
Federal sources:				
Medicaid assistance	-	-	184,419	184,419
Total revenues	<u>99,556,384</u>	<u>99,630,711</u>	<u>104,322,082</u>	<u>4,691,371</u>

(continued)

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual		(concluded)
	Original	Final	Amounts	Encumbrances	Variance with Final Budget
EXPENDITURES					
General support:					
Board of education	\$ 57,873	\$ 71,045	\$ 40,207	\$ -	\$ 30,838
Central administration	360,150	383,091	337,610	-	45,481
Finance	781,054	793,035	825,961	5,651	(38,577)
Staff	797,814	1,162,050	1,217,427	11,924	(67,301)
Central services	5,959,875	6,635,931	6,238,756	42,516	354,659
Special items	1,278,093	1,400,237	1,322,608	-	77,629
Instruction:					
Instruction, administration and improvements	3,360,259	3,503,670	3,679,650	2,235	(178,215)
Teaching—regular school	30,691,348	31,143,268	29,953,982	332,604	856,682
Programs for pupils with handicapping conditions	13,068,699	13,254,949	12,476,764	147,341	630,844
Occupational education	1,546,158	1,680,326	1,546,026	-	-
Teaching—special school	377,465	377,465	279,557	-	97,908
Instructional media	3,336,013	3,730,915	3,524,702	7,325	198,888
Pupil services	4,387,283	4,560,221	4,524,373	5,659	30,189
Pupil transportation	4,881,517	5,129,196	4,650,678	30,276	448,242
Employee benefits	23,793,710	20,900,073	20,469,028	-	431,045
Debt service:					
Principal	4,438,000	4,438,000	4,350,869	-	87,131
Interest and other fiscal charges	2,003,659	2,029,825	2,284,551	26,165	(280,891)
Total expenditures/ encumbrances	101,118,970	101,193,297	97,722,749	611,696	2,724,552
OTHER FINANCING USES					
Transfers out	1,489,253	1,489,253	1,417,388	-	71,865
Total expenditures/ encumbrances and other financing uses	102,608,223	102,682,550	99,140,137	611,696	2,796,417
Net change in fund balance*	(3,051,839)	(3,051,839)	5,181,945		
Fund balance—beginning	29,595,605	29,595,605	29,595,605		
Fund balance—ending	\$ 26,543,766	\$ 26,543,766	\$ 34,777,550		

*The net change in fund balance was included as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the Required Supplementary Information are an integral part of this schedule.

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FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Required Supplementary Information
Year Ended June 30, 2024

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the long-term bond rate and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which changed from 3.78% to 3.98 % at June 30, 2024. 75% of Instructional and 25% of Non-Instructional employees are assumed to continue coverage into retirement. Finally, the initial healthcare cost trend rate used is 5.10%, while the ultimate healthcare cost trend rate is 3.86%.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—An annual budget is adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the School Lunch Fund, the Special Aid Fund, the Student Activities Fund, and the Debt Service Fund. A budget is maintained for the School Lunch Fund as a management tool for internal control purposes. Appropriation limits, where applicable, for the Special Aid Fund and the Debt Service Fund is maintained based on individual grants and donations or fundraising revenues accepted by the Board of Education and debt schedules. The periods of such grants may vary from the District’s fiscal year. No budget is adopted for the Student Activities Fund as the extraclassroom activities of the District are maintained by the individual clubs.

The appropriated budget is prepared by fund, function, and department. The District’s department heads may make transfers of appropriations within a department. Transfers of appropriations exceeding \$10,000 between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

Excess of Expenditures over Appropriations

During the year ended June 30, 2024, certain items exceed the adjusted budget, these items are shown below:

- General Fund finance expenditures exceed the final budget by \$38,577. This difference was a result of expenditures for personal service costs that were not included in the budget.

- General Fund staff expenditures exceed the final budget by \$67,301. This difference was a result of expenditures for personal service costs that were not included in the budget.
- General Fund instruction, administration and improvements expenditures exceed the final budget by \$178,215. This difference was a result of expenditures for personal service costs that were not included in the budget.
- General Fund interest and other fiscal charges expenditures exceed the final budget by \$280,891. This difference was a result of the District not budgeting for bond anticipation note interest expense.

SUPPLEMENTARY INFORMATION

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit—General Fund
Year Ended June 30, 2024

Change from Adopted Budget to Final Budget

Adopted budget, 2023-2024		\$ 102,237,308
Add: Prior year's encumbrances		370,915
Original budget, 2023-2024		102,608,223
Budget revisions: state aid		74,327
Final budget, 2023-2024		\$ 102,682,550

Section 1318 of Real Property Tax Law Limit Calculation

2024-2025 Voter-approved expenditure budget	\$ 105,990,000	
Maximum allowed (4% of 2024-2025 budget)		\$ 4,239,600

General Fund fund balance subject to Section 1318
of Real Property Tax Law*:

Unrestricted fund balance:		
Assigned fund balance	\$ 3,557,715	
Unassigned fund balance	4,239,600	
Total unrestricted fund balance		\$ 7,797,315

Less:

Appropriated fund balance	\$ 2,946,019	
Encumbrances included in assigned fund balance	611,696	
Total adjustments		3,557,715

General Fund fund balance subject to Section 1318 of Real Property Tax Law		\$ 4,239,600
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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 for subsequent year's budget, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Capital Project Expenditures
Year Ended June 30, 2024

Description	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance
			Prior Years	Current Year	Total	
2018 Project - Phase 1	\$ 12,243,587	\$ 5,537,777	\$ 5,537,777	\$ -	\$ 5,537,777	\$ -
2018 Project - Phase 2	12,156,413	16,923,948	16,923,948	-	16,923,948	-
2018 Project - Phase 3	-	1,907,365	1,907,365	-	1,907,365	-
SOAR Project - Phase 1a	70,116,550	46,072,211	15,440,287	4,219,816	19,660,103	26,412,108
SOAR Project - Phase 1b	-	3,976,631	1,083,507	2,893,124	3,976,631	-
SOAR Project - Phase 1c	-	2,275,327	-	1,639,851	1,639,851	635,476
SOAR Project - Phase 1d	-	960,000	-	46,266	46,266	913,734
SOAR Project - Phase 2	-	16,832,372	3,662,701	11,419,269	15,081,970	1,750,402
Capital Outlay 2022/2023	100,000	100,000	98,899	1,101	100,000	-
Capital Outlay 2023/2024	100,000	100,000	-	87,161	87,161	12,839
Multi-Use Field	1,804,000	829,563	829,563	-	829,563	-
Multi-Use Field - Phase 2	-	826,302	826,302	-	826,302	-
Multi-Use Field - Phase 3	-	148,135	37,358	-	37,358	110,777
Smart Schools Bonds Act	3,056,630	3,047,687	3,047,687	-	3,047,687	-
Emergency Project - Bus Garage	374,648	29,250	-	29,250	29,250	-
Scoreboard Project	297,130	297,130	219,591	77,539	297,130	-
Buses 2022/2023	698,345	698,345	481,933	-	481,933	216,412
Buses 2022/2023	765,245	765,245	-	491,000	491,000	274,245
Total	\$ 101,712,548	\$ 100,562,043	\$ 50,096,918	\$ 20,904,377	\$ 71,001,295	\$ 30,325,993

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
June 30, 2024

Capital assets, net of accumulated depreciation/amortization		\$ 123,397,255
Add:		
Unspent debt proceeds		11,573,758
Deduct:		
Serial bonds	\$ (30,225,000)	
Unamortized premium on serial bonds	(736,776)	
Lease liability	(24,051)	
Bond anticipation notes	(44,460,245)	
Accounts payable - Capital Projects Fund	(1,368,589)	
Retainage payable	<u>(690,313)</u>	<u>(77,504,974)</u>
Net investment in capital assets		<u>\$ 57,466,039</u>

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet—
Nonmajor Governmental Funds
June 30, 2024

	<u>Special Revenue</u>			Total Nonmajor Funds
	<u>School Lunch</u>	<u>Student Activities</u>	<u>Debt Service</u>	
ASSETS				
Cash and cash equivalents	\$ 8,178	\$ -	\$ -	\$ 8,178
Restricted cash and cash equivalents	960	195,572	2,508,703	2,705,235
Receivables	6,916	-	-	6,916
Intergovernmental receivables	477,183	-	-	477,183
Due from other funds	417,319	-	-	417,319
Inventories	99,173	-	-	99,173
Total assets	<u>\$ 1,009,729</u>	<u>\$ 195,572</u>	<u>\$ 2,508,703</u>	<u>\$ 3,714,004</u>
LIABILITIES				
Accounts payable	\$ 13,686	\$ -	\$ -	\$ 13,686
Accrued liabilities	1,350	-	-	1,350
Due to other funds	-	-	781,002	781,002
Due to retirement systems	130,261	-	-	130,261
Unearned revenue	960	-	-	960
Total liabilities	<u>146,257</u>	<u>-</u>	<u>781,002</u>	<u>927,259</u>
FUND BALANCES				
Nonspendable	99,173	-	-	99,173
Restricted	-	195,572	1,727,701	1,923,273
Assigned	764,299	-	-	764,299
Total fund balances	<u>863,472</u>	<u>195,572</u>	<u>1,727,701</u>	<u>2,786,745</u>
Total liabilities and fund balances	<u>\$ 1,009,729</u>	<u>\$ 195,572</u>	<u>\$ 2,508,703</u>	<u>\$ 3,714,004</u>

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Statements of Revenues, Expenditures and Changes in
Fund Balances—Nonmajor Governmental Funds
Year Ended June 30, 2024

	<u>Special Revenue</u>			Total Nonmajor Funds
	<u>School Lunch</u>	<u>Student Activities</u>	<u>Debt Service</u>	
REVENUES				
Use of money and property	\$ 594	\$ -	\$ -	\$ 594
Miscellaneous	9,075	-	-	9,075
State sources	960,867	-	-	960,867
Federal sources	1,552,657	-	-	1,552,657
Sales—food service	271,677	-	-	271,677
Student activity collections	-	437,204	-	437,204
Total revenues	<u>2,794,870</u>	<u>437,204</u>	<u>-</u>	<u>3,232,074</u>
EXPENDITURES				
Current:				
Employee benefits	344,501	-	-	344,501
Cost of sales (school lunch)	2,246,745	-	-	2,246,745
Student activities	-	449,139	-	449,139
Total expenditures	<u>2,591,246</u>	<u>449,139</u>	<u>-</u>	<u>3,040,385</u>
Net change in fund balances	203,624	(11,935)	-	191,689
Fund balances—beginning	659,848	207,507	1,727,701	2,595,056
Fund balances—ending	<u>\$ 863,472</u>	<u>\$ 195,572</u>	<u>\$ 1,727,701</u>	<u>\$ 2,786,745</u>

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FEDERAL AWARDS
INFORMATION

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-through Entity's Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE:				
<i>Passed through New York State Department of Agriculture:</i>				
Local Food for Schools Cooperative Agreement	10.185	n/a	\$ -	\$ 10,420
Farm to School Grant Program	10.575	n/a	-	58,877
Child Nutrition Cluster:				
School Breakfast Program	10.553	n/a	-	166,529
National School Lunch Program	10.555	n/a	-	1,294,827
Summer Food Service Program for Children	10.559	n/a	-	80,881
Total Child Nutrition Cluster			-	1,542,237
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	1,611,534
U.S. DEPARTMENT OF JUSTICE:				
<i>Direct Program:</i>				
Public Safety Partnership and Community Policing Grants				
School Violence Prevention Program	16.710	n/a	-	119,626
Public Safety Partnership and Community Policing Grants				
Bureau of Justice Assistance - Preventing School Violence	16.710	n/a	-	30,950
TOTAL U.S. DEPARTMENT OF JUSTICE			-	150,576
U.S. DEPARTMENT OF EDUCATION:				
<i>Passed through New York State Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	0021-23-0810	-	86,613
Title I Grants to Local Educational Agencies	84.010	0021-24-0810	-	635,157
Total Title I Grants to Local Educational Agencies			-	721,770
Special Education Cluster:				
Special Education - Grants to States	84.027	0032-24-0230	-	1,212,738
Special Education - Preschool Grants	84.173	0033-24-0230	-	36,104
Total Special Education Cluster			-	1,248,842
Supporting Effective Instruction State Grants	84.367	0147-23-0810	-	12,541
Supporting Effective Instruction State Grants	84.367	0147-24-0810	-	47,355
Student Support and Academic Enrichment Program	84.424	0204-23-0810	-	2,888
Student Support and Academic Enrichment Program	84.424	0204-24-0810	-	10,111
Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	5896-21-0810	-	5,578
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0810	-	449,506
American Rescue Plan—Elementary and Secondary School Emergency Relief	84.425U	5880-21-0810	-	2,522,608
American Rescue Plan—Elementary and Secondary School Emergency Relief	84.425U	5870-24-9099	-	60,983
Total Education Stabilization Fund			-	3,038,675
TOTAL U.S. DEPARTMENT OF EDUCATION			-	5,082,182
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			\$ -	\$ 6,844,292

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

1. BASIS OF PRESENTATION

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

- a) Includes all federal award programs of the Frontier Central School District, New York.
- b) Source: Federal Assistance Listing Numbers, previously known as Catalog of Federal Domestic Assistance.
- c) Pass-through entity identifying numbers are presented where available.
- d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- e) Total federal expenditures for the District’s 2023-2024 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	\$ 6,844,292	
Medicaid reimbursement	184,419	
Total Federal sources per financial statements	<u>\$ 7,028,711</u>	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a “non-monetary program.” During the year ended June 30, 2024, the District used \$158,145 worth of commodities.

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DRESCHER & MALECKI LLP

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

The Board of Education
Frontier Central School District, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (“*Government Auditing Standards*”), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Frontier Central School District, New York (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, and have issued our report thereon dated October 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (“internal control”) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and question costs as item 2024-001, that we consider to be a significant deficiency.

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*.

District's Response to Finding

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

Purpose of this Report

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

Drescher & Malecki LLP

October 15, 2024

DRESCHER & MALECKI LLP

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The Board of Education
Frontier Central School District, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Drescher & Malecki LLP

October 15, 2024

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ ✓ Yes None reported

Noncompliance material to the financial statements noted? _____ Yes ✓ No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? _____ Yes ✓ No

Identification of major federal programs

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs? \$ 750,000

Auditee qualified as low-risk auditee? _____ ✓ Yes No

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section II. FINANCIAL STATEMENT FINDINGS

We consider the following deficiency to be a significant deficiency in internal control over financial reporting.

Finding 2024-001—Financial Records and Statements

Criteria: Internal controls should be in place to ensure that accurate financial records are maintained to produce financial reports with complete and accurate disclosure, exclusive of the efforts of the independent auditor.

Condition and Context: As the independent auditor of the District, we provided assistance to the District in the drafting of the financial statements, but as the auditor of the District, we remain independent under Ethics Interpretation 101-3, Performance of Nonattest Services under Rule 101, Independence, AICPA, Professional Standards vol 2. ET §101.05. That is, we proposed client-approved adjusting journal entries to the trial balance and assisted in the drafting of the financial statements from the District's trial balance. The District remains responsible for preparing and approving adjusting journal entries. Currently, we believe the District has the expertise to prepare financial statement grouping schedules and the schedules documenting the calculations in the notes to the financial statements. However, the expertise in selecting and applying accounting principles generally accepted in the United States specific to the governmental accounting was not consistent.

Cause: Insufficient experience in governmental accounting and a lack of understanding of the year-end audit process.

Effect or Potential Effect: The District's financial statements may be at risk of not conforming to generally accepted accounting principles.

Recommendation: We recommend that the District management and staff develop and follow monthly and year-end processes to ensure that accurate financial records are maintained.

Management's Response: The District will establish a schedule of key monthly activities and procedures throughout the year in preparation for the year-end audit. In addition, the District will support additional staff training throughout the year.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

FRONTIER CENTRAL SCHOOL DISTRICT, NEW YORK
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024
(Follow-up on June 30, 2023 Findings)

No findings were reported.

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APPENDIX C

**FORM OF DISCLOSURE UNDERTAKING
WITH RESPECT TO THE NOTES**

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Frontier Central School District, Erie County, New York (the “Issuer”) in connection with the issuance of it \$51,800,000 Bond Anticipation Notes, 2025A or interests therein (such Note(s), including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

Section 2. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Frontier Central School District, Erie County, New York (the “Issuer”) in connection with the issuance of it \$2,135,000 Bond Anticipation Notes, 2025B or interests therein (such Note(s), including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

Section 2. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

