

OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law, interest on the Notes is excluded from the gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"), however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded for purposes of the corporate alternative minimum tax imposed by the Code. The School 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 thereof. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). (See "Tax Exemptions" herein.)

The Notes will be designated, or deemed designated, as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$6,850,000

HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT GREENE COUNTY, NEW YORK

\$6,850,000 Bond Anticipation Notes – 2025

**At an Interest Rate of 4.00% to Yield 3.32%
CUSIP #445730 GC2**

Dated: June 25, 2025

Due: June 25, 2026

The Notes are general obligations of the Hunter-Tannersville Central School District, Greene County, New York, all the taxable real property within which is subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, without limitation as to rate or amount. The faith and credit of the Hunter-Tannersville Central School District are irrevocably pledged for the payment of the Notes and the interest thereon. See "Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prepayment, with interest payable at maturity.

The Notes will be issued in registered form payable to the purchaser; provided, however, if the Notes are eligible for issuance through the book-entry-only system for note issues through the Depository Trust Company ("DTC") in New York, New York, the successful bidder may request with its bid that the Notes be issued in "book-entry-only" form, in which case the Notes will be registered and payable to "Cede & Co." as nominee of DTC.

The Notes are issued in book-entry-only form, Noteholders will not receive certificates representing their ownership interest in the Notes and payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of an unqualified legal opinion as to the validity of the Notes of Barclay Damon LLP, Albany, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey or Albany or Tannersville, New York on or about June 25, 2025.

Piper Sandler & Co.

THIS REVISED OFFICIAL STATEMENT SUPPLEMENTS THE OFFICIAL STATEMENT OF THE SCHOOL DISTRICT DATED JUNE 11, 2025 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12. OTHER THAN AS SET FORTH ON THIS REVISED COVER PAGE, "DESCRIPTION OF THE NOTES" SECTION AND THE DATED DATE ON PAGE 40, THERE HAVE BEEN NO MATERIAL REVISIONS TO SAID OFFICIAL STATEMENT.

DATED: June 11, 2025

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
GREENE COUNTY, NEW YORK**

School District Officials

2024-25 BOARD OF EDUCATION

Bobbi Schmitt - President

Sarah Pellizzari - Vice President

Andrea Benjamin-Legg

Courtney Brady

Jessica McBride

Dr. Vincent Butera –Superintendent

Kayla Hughes – Business Administrator and District Treasurer

Elizabeth Rizzo –District Clerk

School District Attorney

Girvin & Ferlazzo

BOND COUNSEL

Barclay Damon LLP

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

No person has been authorized by the School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or 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 School District

	<u>Page</u>		
DESCRIPTION OF THE NOTES	4		
Nature of the Obligation	5		
Purpose & Authorization	6		
Book-Entry-Only System	6		
Certificated Notes	8		
THE SCHOOL DISTRICT	9		
General Information	9		
District Population	9		
Economic Development	9		
Selected Wealth and Income Indicators	10		
District Facilities	10		
District Employees	11		
Historical and Projected Enrollment	11		
Employee Pension Benefits	11		
Other Post-Employment Benefits	14		
Major Employers	15		
Unemployment Rate Statistics	15		
Investment Policy	16		
Form of School Government	16		
Budgetary Procedures	17		
State Aid	17		
Fiscal Stress Monitoring	21		
New York State Comptroller Report of Examination	22		
Other Information	23		
Financial Statements	23		
TAX INFORMATION	24		
Assessed and Full Valuations	24		
Tax Rate Per \$1,000 (Assessed Value)	24		
Tax Collection Procedure	25		
Tax Collection Record	25		
Real Property Tax Revenues	25		
Major Taxpayers 2024 for 2024-25 Tax Roll	26		
General Fund Operations	26		
STAR- School Tax Exemption	26		
		TAX LEVY LIMITATION LAW	27
		STATUS OF INDEBTEDNESS	28
		Constitutional Requirements	28
		Statutory Procedure	28
		Debt Outstanding End of Fiscal Year	29
		Status of Outstanding Bond Issues	30
		Total Annual Bond Principal and Interest Due	30
		Cash Flow Borrowings	31
		Status of Short-Term Indebtedness	31
		Capital Project Plans	31
		Building Aid Estimate	31
		Debt Statement Summary	32
		Estimated Overlapping Indebtedness	33
		Debt Ratios	33
		SPECIAL PROVISIONS AFFECTING	
		REMEDIES UPON DEFAULT	34
		MARKET AND RISK FACTORS	35
		Cyber Security	36
		TAX MATTERS	36
		APPROVAL OF LEGAL	
		PROCEEDINGS	38
		CONTINUING DISCLOSURE	
		COMPLIANCE	38
		LITIGATION	38
		BOND RATING	39
		MUNICIPAL ADVISOR	39
		MISCELLANEOUS	39
		APPENDIX – A- Financial Information	
		APPENDIX – B – Audited Financial Statements	
		For the Fiscal Year Ended June 30, 2024	
		APPENDIX – C – Form of Legal Opinion	
		APPENDIX – D – Material Event Notice	

PREPARED WITH THE ASSISTANCE OF:

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OFFICIAL STATEMENT

of the

HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT GREENE COUNTY, NEW YORK

Relating To \$6,850,000 Bond Anticipation Notes, 2025

This Official Statement, which includes the cover page, has been prepared by the Hunter-Tannersville Central School District, Greene County, New York (the “District” or “School District”, “County” and “State,” respectively) in connection with the sale by the School District of \$6,850,000 Bond Anticipation Notes, 2025 (the “Notes”).

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

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

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

Description of the Notes

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

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

The Notes will be issued in registered form payable to the purchaser; provided, however, if the Notes are eligible for issuance through the book-entry-only system for note issues through the Depository Trust Company (“DTC”) in New York, New York, the successful bidder may request with its bid that the Notes be issued in “book-entry-only” form, in which case the Notes will be registered and payable to “Cede & Co.” as nominee of DTC.

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

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds by the District at the District offices or, at the option of the purchaser, at a corporate trust office of a

bank or trust company located and authorized to do business in the State of New York. The purchaser shall be responsible for the cost of such corporate trust office or bank.

Nature of the Obligation

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

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

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

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

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

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

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

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt 'service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank

(1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy is necessary to repay indebtedness."

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

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

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

Purpose and Authorization

The Notes are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law and the Local Finance Law, and a bond resolution dated June 15, 2023, authorizing the issuance of up to \$10,601,000 of serial bonds to finance the purchase of land and the construction, reconstruction, and improvements of various district buildings, facilities, and sites, the acquisition of original furnishings, equipment, machinery and apparatus and payment of costs incidental thereto.

The proceeds of the Notes will provide \$6,850,000 in new money for the aforementioned purpose.

Book-Entry Only System

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants

include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

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

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

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

Certificated Notes

In the event the purchaser does not request the DTC book-entry-only system apply to the Notes on the date of initial issuance thereof, or in the event that book-entry only system is requested but subsequently discontinued by either DTC or the District, the following provisions will apply:

The Notes will be issued registered in the name of the and a single note certificate will be issued for Notes. Principal of and interest on the Notes will be payable at the District's offices or, at the option of the District, at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as a fiscal agent by the District.. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The School District is located in upstate New York, in the County of Greene. It is approximately 40 miles south of the City of Albany, the State capital, and approximately 20 miles north of the City of Kingston.

It is adjacent to, and west of Interstate Highway #87 (New York State Thruway). Other major highways serving the School District include State highways #23, 32 and 214.

The School District is primarily rural in character. Employment opportunities are available within, and in close proximity to the School District with the major concentrations in the manufacturing, agricultural and government industries. Its close proximity to several Catskill Mountain ski areas and resorts and the Capital District Region contributes to the School District's economy and tax base by providing seasonal employment and vacation homes.

Several higher educational facilities are located nearby. The State University of New York at Albany has a degree enrollment of over 15,000 students in a wide variety of disciplines. Union University includes Union College in Schenectady, among the oldest liberal-arts and engineering colleges in the country, and colleges of medicine, law and pharmacy in Albany, as well as the Dudley Observatory. Troy is the home of Rensselaer Polytechnic Institute (RPI). Other colleges in the Capital District include Siena, Skidmore, Russell Sage and St. Rose. Supplementing these schools are several two-year colleges which offer technical, agricultural and business courses.

District Population

The 2023 population of the School District is estimated to be 3,813. (Source: 2023 U.S. Census Bureau estimate)

Economic Developments

In 2022, the Village of Tannersville was awarded a ten-million-dollar grant called the Downtown Revitalization Initiative (DRI). The grant was distributed to private investors, and public entities that will support the economic growth of the village. Apartment buildings and restaurant expansions are expected with the DRI grant.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District are the Towns, Villages and Counties listed below. The figures set below with respect to such Towns, Villages, Counties, and State are included for information only. It should not be inferred from the inclusion of such data in this Official Statement that the Towns, Villages, Counties or State are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns Of:						
Hunter	\$20,164	\$28,725	\$34,477	\$44,928	\$69,889	\$107,344
Jewett	23,607	36,771	45,884	59,375	59,773	99,583
Lexington	27,386	30,302	63,535	49,250	57,610	116,875
Village Of:						
Hunter	21,403	19,620	43,926	40,417	32,955	85,625
Tannersville	20,102	23,605	26,336	50,250	64,250	85,227
County Of:						
Greene	23,461	26,307	41,292	55,260	64,821	96,523
State Of:						
New York	30,948	34,212	49,520	67,405	74,036	105,060

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

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

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Current Maximum Capacity</u>	<u>Date of Last Addition or Alteration</u>
Hunter-Tannersville Elementary School	PK-6	1935	241	2023
Hunter-Tannersville Middle/High School	Gr 7-12	1935	435	2023

Source: District Officials

District Employees

The School District employs 102 full-time employees and 1 part-time employees. The number of members, the collective bargaining units which represent them, and their current contract expiration dates are as follows:

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
HTC Teachers' Association (NYSUT)	50	6/30/2027
HTC Educational Support Personnel Associates (NYSUT)	38.5	6/30/2028
Independent Contract Holders	5	6/30/2029
Hunter-Tannersville Directors and Managers Association	4	6/30/2028
Administrators	3	6/30/2029
Superintendent	1	6/20/2027
Business Administrator	1	6/30/2026

***Contract Under Negotiation**

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2020-21	357	2025-26	359
2021-22	339	2026-27	359
2022-23	339	2027-28	359
2023-24	322	2028-29	359
2024-25	359	2029-30	359

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 and 2025-26 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$181,168	\$396,234
2021-2022	194,858	437,128
2022-2023	130,440	534,448
2023-2024	154,185	484,062
2024-2025 (Budgeted)	188,500	566,000
2025-2026 (Budgeted)	175,000	525,000

Source: District records

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

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

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

A chart of average ERS and TRS rates as a percent of payroll (2021-22 to 2025-26) is show below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
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 established the Retirement Reserve Sub Fund for the Teachers Retirement System (TRS) on April 25, 2019. The District continues to fund this reserve at less than 2% of the total teacher compensation each year.

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

Other Post-Employment Benefits

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

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

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

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

Based on the most recent actuarial valuation dated June 30, 2021 and financial data as of June 30, 2024, the School District's beginning year total OPEB liability was \$36,410,101, the net change for the year was (\$2,249,188) resulting in a total OPEB liability of \$34,160,913 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>
Hunter Mountain	Ski Resort	240

Source: District Officials

Unemployment Rate Statistics

Unemployment statistics are not available for the School District as such. The smallest area for which such statistics are available (which includes the School District) is Greene County. The data set forth below with respect to the County are included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the School District is necessarily representative of the County or vice versa.

<u>Year</u>	<u>Greene County Unemployment Rate</u>	<u>New York State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2020	7.8%	9.8%	8.1%
2021	4.9%	7.1%	5.3%
2022	3.5%	4.3%	3.6%
2023	3.5%	4.1%	3.7%
2024	3.7%	4.3%	4.2%

2024-25 Monthly Figures

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Greene County	3.8%	3.4%	3.4%	4.0%	3.8%	3.2%	3.1%	3.3%	3.4%	4.1%	4.5%	4.0%
New York State	3.9%	4.0%	4.3%	4.8%	4.8%	4.0%	4.2%	4.2%	4.2%	4.6%	4.3%	4.1%

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

Investment Policy

Pursuant to the statutes of the State, the School District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

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

Form of School Government

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

The legislative power of the School District is vested in the Board of Education (the "Board"). In early May of each year an election is held within the School District boundaries to elect one or more members to the Board. The Board consists of five members serving overlapping three-year terms.

During the first 15 days of July of each year, the Board meets for the purpose of reorganization. At that time, an election is held within the Board to elect a President and Vice President and to appoint other School District officials.

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

Budgetary Procedures

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

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

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

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

The budget for the 2022-23 fiscal year was adopted by the qualified voters on May 17, 2022 by a vote of 169 to 29. The School District's 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 184 to 88. The School District's 2023-24 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024 by a vote of 199 to 67. The School District's 2024-25 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2025-26 fiscal year was adopted by the qualified voters on May 20, 2025 by a vote of 176 to 45. The School District's 2025-26 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2025-26 fiscal year, approximately 16.02% 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 –

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

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

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

State Aid History

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

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

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

The State's 2023-24 Enacted Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%. The States 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided \$134 million to increase access to free school

meals. An additional \$20 million in grant funding established new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

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

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

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

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

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

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights v. State of New York* ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the *Campaign for Fiscal Equity* case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district

property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs' causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the Campaign for Fiscal Equity case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021, Governor Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the Campaign for Fiscal Equity cases, and has been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create 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
2020-2021	\$14,833,035	\$2,395,932	16.15%
2021-2022	14,651,402	2,760,761	18.84
2022-2023	15,201,842	2,614,356	17.20
2023-2024	15,134,152	2,626,530	17.35
2024-2025 (Budgeted)	15,362,451	2,523,822	16.43
2025-2026 (Budgeted)	15,734,944	2,521,301	16.02

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.

Fiscal Stress Monitoring

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

The fiscal stress scores are based on financial information submitted as part of each School District's ST-3 report filed yearly with the State Education Department. Using financial indicators that include year-end fund balance, cash

position and patterns of operating deficits, the OSC system creates an overall fiscal stress score which classifies whether a district is in "significant fiscal stress", in "moderate fiscal stress", as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation". This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

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

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

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

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 most recent State Comptroller audit report of the District dated November 10, 2022 was to determine whether the Hunter-Tannersville Central School District officials adequately managed and monitored nonstudent network user accounts and developed a comprehensive written information technology (IT) contingency plan.

Key Findings

- District officials did not adequately manage or monitor nonstudent network user accounts or develop a written IT contingency plan.
- Officials did not:
 - Disable 31 unneeded network user accounts (of the 225 enabled nonstudent accounts) including, but not limited to, accounts for former employees and substitute teachers that were never employed by the District. As a result, the District's risk of unauthorized network access is increased.
 - Develop and adopt a comprehensive written IT contingency plan or store back-up data off site.

○

Key Recommendations

- Develop and communicate comprehensive written procedures for managing and monitoring nonstudent network user account access.
- Develop and adopt a comprehensive written IT contingency plan and store back-ups off site.

District officials agreed with the recommendation and indicated that they are implementing corrective action.

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

There is currently a State Comptrollers Internal Controls audit of the District in progress.

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

Other Information

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

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

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

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

Financial Statements

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

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

TAX INFORMATION
Assessed and Full Valuations

Fiscal Year Ended
June 30:

	<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024</u>		<u>2025</u>
Assessed Valuations:									
Hunter	\$ 386,223,517	\$	392,419,581	\$	393,880,662	\$	394,727,823	\$	396,545,350
Jewett	132,174,878		135,580,792		136,986,062		137,382,004		139,261,515
Lexington	<u>172,409,102</u>		<u>173,769,451</u>		<u>175,354,353</u>		<u>182,159,637</u>		<u>180,926,232</u>
Total	\$ 690,807,497	\$	701,769,824	\$	706,221,077	\$	714,269,464	\$	716,733,097

Equalization Rates:

Hunter	48.90%	45.34%	37.11%	30.09%	29.10%
Jewett	100.00%	95.00%	79.00%	63.00%	60.50%
Lexington	100.00%	96.25%	75.80%	63.00%	59.25%

Full Valuations:

Hunter	\$ 789,823,143	\$	865,504,149	\$	1,061,386,855	\$	1,311,823,938	\$	1,362,698,797
Jewett	132,174,878		142,716,623		173,400,078		218,066,673		230,184,322
Lexington	<u>172,409,102</u>		<u>180,539,689</u>		<u>231,338,197</u>		<u>289,142,281</u>		<u>305,360,729</u>
Total	\$ 1,094,407,123	\$	1,188,760,461	\$	1,466,125,130	\$	1,819,032,892	\$	1,898,243,849

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

Tax Rate per \$1,000 (Assessed Value)

Fiscal Year Ending June
30:

	<u>2021</u>		<u>2022</u>		<u>2023</u>		<u>2024</u>		<u>2025</u>
Hunter	\$ 21.80	\$	21.51	\$	21.82	\$	22.19	\$	22.62
Jewett	10.66		10.27		10.25		10.60		10.88
Lexington	10.66		10.13		10.68		10.60		11.11

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged from October 1st to October 31st. There is a 3% penalty from November 1st- November 5th, uncollected taxes are returnable to the County of Greene for collection. The School District receives this amount from said County prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually.

Tax Collection Record

Fiscal Year Ended June 30:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
Total Tax Levy	\$11,668,014	\$11,596,182	\$11,869,852	\$12,144,615	\$12,492,629
Amount Uncollected	256,125	224,677	1,389,924	1,064,177	2,653,386
% Uncollected	2.20%	1.94%	12%	8.76%	21%

*Tax Collection Record as of 12/5/24

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below fiscal years and budgeted figures for 2023-2024 and 2024-2025 and 2025-2026 fiscal years comprised of real property taxes.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2020-2021	\$14,833,035	\$11,411,889	76.94%
2021-2022	14,651,402	11,371,504	77.61
2022-2023	15,201,842	11,667,350	76.75
2023-2024	15,134,152	11,891,938	78.58
2024-2025 (Budgeted)	15,362,451	12,492,629	81.32
2025-2026 (Budgeted)	15,734,944	12,794,743	81.31

Source: Audited financial statements for the 2020-2021 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>Full Value</u>
State of New York	Governmental	\$179,887,801
City of New York	Governmental	115,749,426
Hunter Mountain Base Lodge Inc	Ski Resort	51,393,742
Kaatskill Mountain Club	Ski Resort	29,163,197
Sleeper Nathan	Residential	14,710,715
Elka Park Assoc.	Private Park with Single Family Dwelling	15,121,306
Central Hudson Gas & Elec Corp	Utility	11,929,851
Hunter Foundation Inc	Not for Profit	9,135,052
Central Hudson Gas & Elec Corp	Utility	6,280,103
Onteora Club	Private Park with Single Family Dwelling	6,256,385
Total		\$439,627,578

1. The above taxpayers represent 23.16% of the School District's 2024-25 Full value of \$1,898,243,849

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that, if decided adversely to the School District, would have a material adverse impact on the District.

General Fund Operations

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

STAR – School Tax Exemption

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

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

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-16 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-16 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes were intended to encourage home owners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount of the STAR exemption remains the same each year, while the amount of the STAR credit can increase up to two percent annually.

School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

TAX LEVY LIMITATION LAW

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

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

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

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

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy" and is an exclusion from the tax levy limitation.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

1. Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

2. There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
3. Such obligations are authorized in violation of the provisions of the Constitution.

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

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

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

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

Status of Indebtedness

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Serial Bonds	\$ 4,200,000	\$ 2,935,000	\$ 6,803,000	\$ 5,635,000	\$ 4,565,000
Bond Anticipation Notes	-	-	-	-	-
Total Debt Outstanding	\$ 4,200,000	\$ 2,935,000	\$ 6,803,000	\$ 5,635,000	\$ 4,565,000

Status of Outstanding Bond Issues

Year of Issue:	2022	
Amount Issued:	\$5,138,000	
Purpose/Instrument:	Reconstruction/Serial Bond	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2025	\$ 255,000*	\$ 182,600
2026	265,000	172,400
2027	270,000	161,800
2028	280,000	151,000
2029	295,000	139,800
2030	305,000	128,000
2031	315,000	115,800
2032	330,000	103,200
2033	340,000	90,000
2034	350,000	76,400
2035	365,000	62,400
2036	385,000	47,800
2037	395,000	32,400
2038	<u>415,000</u>	<u>16,600</u>
Totals:	\$ 4,565,000	\$ 1,480,200

*Principal payment made prior to Debt Statement

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	\$ 255,000	\$ 182,600	\$ 437,600	7.24%
2026	265,000	172,400	437,400	14.47%
2027	270,000	161,800	431,800	21.62%
2028	280,000	151,000	431,000	28.75%
2029	295,000	139,800	434,800	35.94%
2030	305,000	128,000	433,000	43.10%
2031	315,000	115,800	430,800	50.23%
2032	330,000	103,200	433,200	57.39%
2033	340,000	90,000	430,000	64.51%
2034	350,000	76,400	426,400	71.56%
2035	365,000	62,400	427,400	78.63%
2036	385,000	47,800	432,800	85.79%
2037	395,000	32,400	427,400	92.86%
2038	<u>415,000</u>	<u>16,600</u>	<u>431,600</u>	100.00%
Totals:	\$ 4,565,000	\$ 1,480,200	\$ 6,045,200	

Cash Flow Borrowings

The District has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the recent past and has no plans to issue either in the foreseeable future.

Status of Short-Term Indebtedness

The School District currently has a \$790,000 BAN which matures June 26, 2025. This BAN will not be renewed.

Capital Project Plans

The District voters approved a \$13,646,000 capital project on May 16, 2023. The project consists of the purchase of land and the construction, reconstruction and improvement of various District buildings, facilities and sites, including but not limited to, athletic fields, courts and trails, parking spaces, regrading and storm water management, acquisition of original furnishings, equipment, machinery or apparatus required. The District plans to expend \$3,045,000 from the Capital Reserve Fund and the remainder of the cost of the capital project will be paid from the proceeds of serial bonds and notes. In March 2025 the District issued \$790,000 in new money towards the authorization. This BAN will be paid in full as of June 26, 2025. These notes will provide \$6,850,000 in new money against said authorization.

Building Aid Estimate

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. The District has not applied for such estimate; but anticipates that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 10.00%.

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

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

Debt Statement Summary

As of June 3, 2025

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Hunter	\$ 396,545,350	29.10%	\$ 1,362,698,797
Jewett	139,261,515	60.50%	230,184,322
Lexington	180,926,232	59.25%	<u>305,360,729</u>
Total			<u>\$ 1,898,243,849</u>
Debt Limit: 10% of Full Valuation			\$ 189,824,385
Inclusions:			
Serial Bonds			\$ 4,310,000
Bond Anticipation Notes			<u>790,000</u>
Total Inclusions:			<u>\$ 5,100,000</u>
Exclusions:			
Building Aid Estimate	1		<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 5,100,000
New Monies This Issue:			<u>6,850,000</u>
Total Net Indebtedness After Giving Effect to This Issue:			\$ 11,950,000
Net Debt Contracting Margin			\$ 177,874,385
Percentage of Debt-Contracting Power Exhausted			6.30%

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>
Greene County	\$ 1,898,243,849	22.82%	\$ 39,085,000	N/A	\$ 39,085,000	\$ 8,920,083
Town of Hunter	\$ 1,362,698,797	100.00%	\$ 145,200	N/A	\$ 145,200	\$ 145,200
Town of Jewett	\$ 230,184,322	48.20%		N/A	\$ -	\$ -
Town of Lexington	\$ 305,360,729	89.69%	\$ 48,689	N/A	\$ 48,689	\$ 43,670
Village of Hunter	\$ 170,818,172	100.00%		* N/A	\$ -	\$ -
Village of Tannersville	\$ 151,391,749	100.00%	\$ 2,533,892	N/A	\$ 2,533,892	\$ 2,533,892
Total						<u>\$ 11,642,845</u>

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

Notes: Bonds and Bond Anticipation notes as of 2024 fiscal year. Not adjusted to include subsequent bond and note sales.

*Bonds and Bond Anticipation notes as of 2021 fiscal year. Village did not file in the 2022 or 2023 fiscal year.

N/A Information not available from source document.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 3, 2025:

	Amount	Per Capita ^(a)	Percentage of Full Value ^(b)
Net Indebtedness	\$ 11,950,000	\$ 3,134.02	0.630%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 23,592,845	\$ 6,187.48	1.243%

(a) The District's estimated population is 3,813. (Source: 2023 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2024-25 is \$1,898,243,849.

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriations for State aid to school districts will be continued in futures years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available, therefore. The availability of such monies and the timelines of such payments may also be affected by a delay in the adoption of the State budget and other circumstances, including state fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available, therefore.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid. The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the School District, could have an impact upon the market price of the Notes.

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

Cyber Security

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to hacking, viruses, malware and other attacks on 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 MATTERS

In the opinion of Barclay Damon LLP, Bond Counsel to the School District, under existing law, and assuming compliance with the certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the School District, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate alternative minimum tax under the Code. Bond Counsel also is of the opinion that, under existing law, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences with respect to the Notes. The opinion of Bond Counsel will speak as of its date of issue and will not contain or provide any opinion or assurance regarding the future activities of the School District, or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS"). In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state, or local tax matters, including, without limitation, the exclusion of interest on the Notes from gross income for federal income tax purposes.

General

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and the rebate of certain earnings in respect of such investments to the United States. The School District and others have made certain representations, certifications of fact, and statements of reasonable expectations and the School District has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. The opinion of Bond Counsel

assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

In the event of the inaccuracy or incompleteness of any such representations, certifications, or statements of reasonable expectation, or of the failure by the School District to comply with any such covenant, the interest on the Notes could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Notes, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Notes is excluded from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of the Notes. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of the Notes and such Beneficial Owner's other items of income, deduction, or credit. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the Notes.

Certain Collateral Federal Income Tax Consequences

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 corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Backup Withholding and Information Reporting

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Notes and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Notes, if other than the registered owner).

Legislation

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Notes. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Notes may occur. Prospective purchasers of the Notes should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, and regarding the impact of future legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents the judgment of Bond Counsel as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts.

The Notes will be designated or deemed designated by the School District as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code.

Tax legislation, administrative actions taken by tax authorities or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent Holders from realizing the full current benefit of the tax-exempt status of interest on the Notes. In addition, such legislation, or actions (whether currently proposed, proposed in the future or enacted) and such decisions could affect the market price or marketability of the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding pending or proposed tax legislation, administrative actions taken by tax authorities or court decisions, and regarding the impact of future legislation, administrative actions, or court decisions.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel to the School District, such opinion to be delivered with the Notes. The proposed form of such opinion is attached hereto as Appendix C

CONTINUING DISCLOSURE COMPLIANCE

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

The audited financial statements for fiscal year ended June 30, 2023 was not complete by the required filing date of six months after the end of its fiscal year. The Annual Financial Information and Operating data was also not posted by the required filing date of six months after the end of its fiscal year due the audit not being complete. The final audit was provided to the District on February 29, 2024. The audit was posted along with the Annual Financial Information and Operating Data on April 22, 2024.

LITIGATION

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

The District is a defendant in a Federal Court case commenced by the EEOC on behalf of Dr. Susan Vickers, former Superintendent of Schools. Dr. Vickers claims the District engaged in gender-based pay discrimination when determining her annual salary and benefits. As of today's date, the District has completed discovery and has moved for motion for summary judgment. If such motion is unsuccessful the District intends to vigorously defend this claim. The potential exposure for an unfavorable outcome ranges from \$25,000 to \$500,000.

BOND RATING

The School District has not applied for a rating for the Notes.

Standard & Poor's Credit Market Services has assigned their underlying rating of "AA-" (stable outlook) to the School District's \$5,138,000 School District Serial Bonds dated June 28, 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 School District. Concurrently with the delivery of the Notes, the School 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 School District is not guaranteed as to accuracy, completeness or fairness, the School District has no reason to believe and does not believe that such information is materially inaccurate or misleading, and to the knowledge of the School 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 School District and no material adverse changes in the general affairs of the School 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 School 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.

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

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

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

The School District's contact information is as follows: Kayla Hughes, Business Administrator & Treasurer; phone: (518) 589-5400; email: khughes@htcschools.org.

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

Hunter-Tannersville Central School District

Dated: June 11, 2025
Tannersville, New York

/s/Bobbi Schmitt
President, Board of Education
and Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	Budget <u>2025</u>
Beginning Fund Balance - July 1	\$7,528,749	\$8,515,019	\$9,286,670	\$10,666,015	\$12,560,976	\$11,043,986 ^E
<u>Revenues:</u>						
Real Property Taxes	\$11,153,798	\$11,411,889	\$11,371,504	\$11,667,350	\$11,891,938	\$12,492,629
Other Tax Items	406,258	421,369	278,065	258,873	235,471	225,000
Charges for Services	72,882	308,338	82,671	145,613	159,234	80,050
Use of Money & Property	47,810	18,078	16,245	16,907	108,436	15,200
Sale of Property/Comp. for Loss	7,583	6,235	4,342	1,390	19,458	150
Miscellaneous	136,105	190,086	16,492	231,611	77,017	15,500
State Aid	2,176,940	2,395,932	2,760,761	2,614,356	2,626,530	2,523,922
Federal Aid	1,598	81,108	56,969	16,889	16,068	10,000
Proceeds from Lease Issuance	0	0	64,353	0	0	0
Interfund Transfer	<u>0</u>	<u>0</u>	<u>0</u>	<u>248,853</u>	<u>0</u>	<u>0</u>
Total Revenues	\$14,002,974	\$14,833,035	\$14,651,402	\$15,201,842	\$15,134,152	\$15,362,451
<u>Expenditures:</u>						
General Support	\$1,606,342	\$1,527,430	\$1,605,280	\$1,687,297	\$1,957,324	\$1,881,203
Instruction	5,478,768	5,779,524	5,862,675	5,952,187	5,904,302	7,007,970
Transportation	755,952	566,380	507,467	599,119	645,358	750,290
Employee Benefits	3,544,431	3,690,033	3,824,423	3,584,903	3,789,094	4,350,000
Debt Service	1,414,127	1,382,808	1,361,640	1,387,647	1,299,137	1,272,988
Interfund Transfer	<u>217,736</u>	<u>1,105,327</u>	<u>183,359</u>	<u>156,662</u>	<u>3,055,927</u>	<u>100,000</u>
Total Expenditures	\$13,017,356	\$14,051,502	\$13,344,844	\$13,367,815	\$16,651,142	\$15,362,451
Adjustments	652	-9882	72,787	60934	0	0
Year End Fund Balance	\$8,515,019	\$9,286,670	\$10,666,015	\$12,560,976	\$11,043,986	\$11,043,986 ^E
Excess (Deficit) Revenues Over Expenditures	\$985,618	\$781,533	\$1,306,558	\$1,834,027	(\$1,516,990)	\$0 ¹

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

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

General Fund Budget Summary

2025-26 Adopted Budget

Revenues:

Real Property Taxes & STAR	\$13,019,743
Other Tax Items	0
Charges for Services	100,050
Use of Money & Property	18,200
Sale of Property	150
Miscellaneous	65,500
State Aid	2,521,301
Federal Aid	10,000
Interfund Transfers	0
Appropriated Fund Balance	
Total Revenues	<u>\$15,734,944</u>

Expenditures:

General Support	\$2,060,103
Instruction	6,935,782
Transportation	793,409
Employee Benefits	4,660,000
Debt Service	1,185,650
Interfund Transfers	100,000
Total Expenditures	<u>\$15,734,944</u>

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

General Fund – Comparative Balance Sheet

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:					
Unrestricted Cash	\$4,273,975	\$2,085,165	\$700,848	\$1,422,579	\$465,919
Restricted Cash	4,385,619	7,006,007	9,032,991	9,043,607	9,257,001
Other Receivables	0	0	66,231	0	0
Due from Other Funds	520,405	1,026,312	2,247,931	2,622,320	3,592,473
Due from State & Federal	41,433	111,716	63,291	55,750	67,790
Due from Other Governments	63,742	90,820	97,627	128,662	113,396
Due from Fiduciary Funds	0	0	0	0	0
Other, Net of Allowance	29,153	0	0	6,630	0
Prepaid	0	0	0	7,698	0
Total Assets	<u>\$9,314,327</u>	<u>\$10,320,020</u>	<u>\$12,208,919</u>	<u>\$13,287,246</u>	<u>\$13,496,579</u>
Liabilities:					
Accounts Payable	\$65,553	\$1,028	\$52,484	\$0	\$8,474
Accrued Liabilities	0	0	0	7,004	325,094
Due to Other Funds	0	521,663	907,673	10,004	1,521,485
Due to Other Governments	57,307	15,990	0	0	0
Due Retirement System	676,449	490,179	578,532	648,213	597,540
Other Liabilities	0	0	4,215	0	0
Unearned Revenues	0	4,490	0	0	0
Compensated Absences	0	0	0	61049	0
Total Liabilities:	<u>\$799,309</u>	<u>\$1,033,350</u>	<u>\$1,542,904</u>	<u>\$726,270</u>	<u>\$2,452,593</u>
Fund Balances:					
Nonspendable	0	0	0	7,609	0
Restricted	\$4,385,619	\$7,005,998	\$9,032,991	\$9,043,607	\$9,257,001
Assigned	404,514	241,604	1,480	0	5,918
Unassigned	3,724,886	2,039,068	1,631,544	3,509,671	1,781,067
Total Fund Balance	<u>\$8,515,019</u>	<u>\$9,286,670</u>	<u>\$10,666,015</u>	<u>\$12,560,887</u>	<u>\$11,043,986</u>
Total Liabilities and Fund Balance	<u>\$9,314,328</u>	<u>\$10,320,020</u>	<u>\$12,208,919</u>	<u>\$13,287,157</u>	<u>\$13,496,579</u>

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

APPENDIX B

Audited Financial Statements

For The Fiscal Year Ended June 30, 2024

Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Continuing Disclosure Statement.

FINANCIAL REPORT
AUDITED

HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
For the Year Ended June 30, 2024

Audited for:

Board of Education
HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT



Audited By:

RBT CPAs, LLP
4071 Route 9, Stop 1
Hudson, NY 12534
(518) 828-4616

HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 11
Basic Financial Statements	
District-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of the Total Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Notes to Financial Statements	20 - 47
Required Supplementary Information	
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	48
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability) and Related Ratios	49
Schedule of Employer Contributions	50
Schedule of Revenues and Expenditures Compared to Budget - General Fund	51

	<u>Page</u>
Supplementary Information	
Combining Balance Sheet Non-Major Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Funds	53
Schedule of Indebtedness	54
Other Information	
General Fund - Schedule of Change from Adopted Budget to Final Budget Section 1318 of Real Property Tax Law Limit Calculation	55
Capital Projects Fund - Project Length Schedule	56
Schedule of Net Investment in Capital Assets	57
Other Reporting Required by <i>Government Auditing Standards</i>	
Schedule of Expenditures of Federal Awards	58
Notes to Schedule of Expenditures of Federal Awards	59
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60 - 61
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance	62 - 64
Summary Schedule of Prior Audit Findings	65
Schedule of Findings and Questioned Costs	66 - 69
Corrective Action Plan	70 - 72



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Hunter-Tannersville Central School District
6094 Main Street
P.O. Box 1018
Tannersville, New York 12485

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net pension asset/(liability) and related ratios, schedule of employer contributions and schedule of revenues and expenditures compared to budget, on pages 4 through 11 and 48 through 51 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 District's basic financial statements. The combining nonmajor fund financial statements, the schedule of indebtedness and schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principles, Cost Principles, and audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the schedule of indebtedness and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Adopted Budget to Final Budget and Section 1318 Real Property Tax Law Limit Calculation, Capital Projects Fund – Project Length Schedule, and the Schedule of Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 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 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.

RBT CPAs, LLP

Hudson, NY

November 15, 2024

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying discussion and analysis of the Hunter-Tannersville Central School District's ("the District") financial performance has been prepared to provide an overview of the District's financial activities for the year ended June 30, 2024. The discussion and analysis is only an introduction and should be read in conjunction with the District's financial statements.

Financial Highlights

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,781,067. This amount was not within the statutory limit.
- As of the close of the current fiscal year, the District's governmental fund financial statements report a combined ending fund balance of \$13,268,649, a decrease of \$(313,141) during the current fiscal year. This decrease is due largely to the employee benefits expenditures increasing.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources at the close of its most recent fiscal year by \$(18,748,785). The District's total net position increased by \$352,681 for the year ended June 30, 2024. This is mainly a result of substantial liability decrease in Other Postemployment Benefits ("OPEB") relating to GASB Statement No. 75.
- For the year ending June 30, 2024, the District recorded a liability of \$34,160,913 relating to OPEB. New York State has not authorized any legal mechanism to fund this liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Basic Financial Statements

The first two statements in the basic financial statements are the district-wide Financial Statements. They provide short and long-term information about the District's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual part of the District. These statements provide more detail than the district-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental and fiduciary statements and (2) the reconciliations to the district-wide financial statements.

The next section of the financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

District-wide Financial Statements

The district-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 information on all of the District's assets, deferred outflows of resources, 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.
- The governmental activities of the District include instruction, pupil transportation, cafeteria program and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

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 are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-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 the District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 five individual governmental funds. The General Fund, Capital Projects Fund, Cafeteria Fund, Debt Service Fund, and Special Aid Fund are presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances and reported as either major or non-major funds.
- The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund included in Required Supplementary Information to demonstrate compliance with the budget.
- The Fiduciary Funds (inclusive of student activity funds) are used to account for assets held by the District in a custodial capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section 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 district-wide and fund financial statements.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DISTRICT-WIDE FINANCIAL ANALYSIS**

HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT'S NET POSITION

	<u>2024</u>	Restated <u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 14,247,183	\$ 14,331,312	\$ (84,129)	-0.59%
Capital Assets and Intangible Right-to-Use Assets, Net	14,532,052	13,037,065	1,494,987	11.47%
Total Assets	28,779,235	27,368,377	1,410,858	5.16%
Deferred Outflows of Resources				
Pensions	2,623,677	3,435,600	(811,923)	-23.63%
Loss on Bond Refunding	-	35,316	(35,316)	-100.00%
Other Postemployment Benefits	5,502,566	8,325,781	(2,823,215)	-33.91%
Total Deferred Outflows of Resources	8,126,243	11,796,697	(3,670,454)	-31.11%
Current Liabilities	1,291,050	1,903,634	(612,584)	-32.18%
Long-Term Liabilities	39,449,465	42,408,481	(2,959,016)	-6.98%
Total Liabilities	40,740,515	44,312,115	(3,571,600)	-8.06%
Deferred Inflows of Resources				
Pensions	565,900	403,062	162,838	40.40%
Other Postemployment Benefits	14,347,848	13,551,363	796,485	5.88%
Total Deferred Inflows of Resources	14,913,748	13,954,425	959,323	6.87%
Net Position:				
Net Investment in Capital Assets	9,883,263	7,298,802	2,584,461	35.41%
Restricted	9,499,950	9,257,648	242,302	2.62%
Unrestricted	(38,131,998)	(35,657,916)	(2,474,082)	-6.94%
Total Net Position	\$ (18,748,785)	\$ (19,101,466)	\$ 352,681	1.85%

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

A large component of the District's net position, \$9,883,263 reflects its net investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Those assets subject to external restrictions total \$9,449,950. The remaining balance is an unrestricted deficit of \$(38,131,998), primarily attributable to the accrual of other postemployment benefit obligations promulgated under the requirements of Governmental Accounting Standards Board Statement No. 75.

In addition, as a requirement of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions and* GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, certain items are included in the Statement of Net Position. As of June 30, 2024, the District reported a net pension asset/liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This asset/liability and the net deferrals are not in custody of, nor are they accessible by the District. Rather these represent the District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note VIII of the financial statements for more information on these pension items.

The negative net position balance of \$(18,748,785) continues to be the result of recognizing the liability for Other Postemployment Benefits ("OPEB"), without any legal mechanism to set-aside funds for this liability. For the 2023-2024 fiscal year, this liability decreased by a net amount of \$2,249,188 to a balance of (\$34,160,913).

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DISTRICT-WIDE FINANCIAL ANALYSIS

HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT'S CHANGES IN NET POSITION

	2024		Restated 2023		\$ Change	% Change
		%		%		
Revenues:						
Program Revenues:						
Charges for Services	\$ 262,515	18.57%	\$ 176,204	9.00%	\$ 86,311	48.98%
Operating Grants and Contributions	1,151,311	81.43%	1,782,112	91.00%	(630,801)	-35.40%
Total Program Revenue	<u>1,413,826</u>	<u>100.00%</u>	<u>1,958,316</u>	<u>100.00%</u>	<u>(544,490)</u>	<u>-27.80%</u>
General Revenues:						
Real Property Taxes	11,891,938	79.49%	11,667,350	78.70%	224,588	1.92%
Other Tax Items	235,471	1.57%	258,873	1.75%	(23,402)	-9.04%
Use of Money and Property	137,385	0.92%	20,947	0.14%	116,438	555.87%
Sales of Property and Compensation for Loss	(12,953)	-0.09%	1,390	0.01%	(14,343)	-1031.87%
Miscellaneous	77,505	0.52%	262,151	1.77%	(184,646)	100.00%
State Sources	2,631,867	17.59%	2,614,356	17.63%	17,511	0.67%
Total General Revenues	<u>14,961,213</u>	<u>100.00%</u>	<u>14,825,067</u>	<u>100.00%</u>	<u>136,146</u>	<u>0.92%</u>
Total Revenues	<u>16,375,039</u>		<u>16,783,383</u>		<u>(408,344)</u>	<u>-2.43%</u>
Program Expenses:						
General Support	2,542,223	15.87%	2,440,817	14.80%	101,406	4.15%
Instruction	11,579,735	72.27%	12,387,907	75.11%	(808,172)	-6.52%
Pupil Transportation	1,233,196	7.70%	948,642	5.75%	284,554	30.00%
Debt Service	218,383	1.36%	298,082	1.81%	(79,699)	-26.74%
School Lunch Program	448,821	2.80%	417,527	2.53%	31,294	7.50%
Total Expenses	<u>16,022,358</u>	<u>100.00%</u>	<u>16,492,975</u>	<u>100.00%</u>	<u>\$ (470,617)</u>	<u>-2.85%</u>
Change in Net Position	<u>\$ 352,681</u>		<u>\$ 290,408</u>			

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Hunter-Tannersville Central School Funds

The major changes from 2023-24 are as follows:

Revenues:

- Operating Grants and Contributions revenue decreased by (\$630,801), due to a decrease in Special Aid Fund federal Education Stabilization Grants.
- Use of Money and Property revenue increase by \$116,438, due to increase in interest earnings.
- Miscellaneous revenue decreased by (\$184,646). This was due to a prior year refund from Otsego-Northern Catskill BOCES.

Expenses:

- General Support increased by \$101,406, mainly due to an increase in the General Fund contractual expenditures related to unified security, building automation, network infrastructure and energy services.
- Instructional Program expenses decreased by (\$808,172). This decrease is mainly due to a decrease in the federal aid received under the Education Stabilization Grants.
- Pupil Transportation expense increased by \$284,554, mainly due to the allocation of capital outlay expenses

Fund Balance Reporting

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

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the District's financing for spending at the end of the fiscal year.

The District classifies its fund balances into the following categories:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity'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 the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment.

Note: According to the Office of the State Comptroller, school districts in New York State will not have committed fund balance to report.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 MANAGEMENT'S DISCUSSION AND ANALYSIS**

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

Total 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 may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds, reported combined fund balances of \$13,268,649, a decrease of (\$313,141) from the prior year. \$1,993,743 constitutes assigned fund balance, all of which is assigned for purchases on order, projects and assigned for fund purpose. Fund balance is restricted to indicate that it is not available for new spending because it has already been committed. The restricted fund balance includes restrictions for General Fund workers compensation of \$207,757, for employment benefits of \$138,258, for retirement contributions of \$1,182,150, for property loss \$459,019, for unemployment benefits of \$98,922, for insurance of \$459,140, for bus & vehicles capital reserve of \$3,000,352, and for facilities improvement capital reserve of \$3,711,403. The restricted fund balance includes restriction for Capital Fund was debt service of \$48,762, and the restriction for Debt Service was for debt service of \$194,187.

The summary of the combined fund balances are as follows:

Nonspendable	\$	11,390
Restricted	\$	9,499,950
Assigned	\$	1,993,743
Unassigned	\$	1,763,566

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was \$11,043,986 of which \$1,781,067 or 11.59% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unreserved fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

The fund balance of the District's General Fund decreased by (\$1,516,990) during the current fiscal year.

General Fund Budgetary Highlights

During the year, the District revised the General Fund budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital Assets: At June 30, 2024, the District had \$14,454,758 net of accumulated depreciation and amortization invested in a broad range of capital assets, including land, vehicles, buildings and improvements, furniture and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

The increase in capital assets during the current fiscal year is a result of school building and facilities renovation project.

Debt: As of June 30, 2024, the District had \$4,600,207 in general obligation and other long-term debt outstanding.

More detailed information about the District's capital assets and long-term debt is presented in the notes to the financial statements.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Pension

At June 30, 2024, the District reported a liability of \$577,631 for its proportionate share of the ERS net pension liability. This asset was measured at March 31, 2024, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2023. The TRS net pension liability was measured as of June 30, 2023, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2024 the District reported a liability of \$321,597 for its proportionate share of the net pension liability of TRS.

Factors Bearing on the District's Future

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

- The economy is a very important consideration in all current and future fiscal analysis provided to the community. Factors such as the increase of the Consumer Price Index (CPI) and increase of employee benefits continues to be a major budgetary factor for Hunter-Tannersville Central School District.
- The District has worked with an actuarial firm to project long-term liabilities for retiree health insurance coverage (as afforded by contract) and continues to monitor the rising costs of retiree benefits.
- The Board of Education and the Superintendent are providing leadership in balancing the educational needs of the students with available financial and human resources.
- The District is awaiting a review of the plans submitted to NYSED as part of the voter approved \$13,646,000 capital project. The 3rd party review should be completed in February or March 2025. The construction will then begin in May of 2025 and is scheduled to be completed in August of 2026. The project will focus on upgrading plant operations and increasing student opportunities.
- The District will continue to fund reserves for facilities improvement, purchasing transportation vehicles, Employee Benefit Accrued Liabilities, New York State Teachers and Employee Retirement System contributions.
- In 2022, the Village of Tannersville was awarded a ten-million-dollar grant called the Downtown Revitalization Initiative (DRI). The grant was distributed to private investors, and public entities that will support the economic growth of the village.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Hunter-Tannersville Central School District
Department of Finance
6094 Main Street
P.O. Box 1018
Tannersville, NY 12485

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	Primary Government Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 3,954,926
Restricted Cash	9,409,702
State and Federal Aid Receivable	729,593
Due from Other Governments	113,396
Accounts Receivable	28,176
Inventories	11,390
	14,247,183
Capital Assets, not being depreciated	6,363,557
Capital Assets, being depreciated - net	8,091,201
Intangible Right-to-Use Lease Asset	77,294
Total Capital Assets and Intangible Assets, net (Note VI)	14,532,052
Total Assets	28,779,235
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources - Pension (Note VIII)	2,623,677
Deferred Outflows of Resources - OPEB (Note IX)	5,502,566
Total Deferred Outflows of Resources	8,126,243
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	36,905,478
LIABILITIES	
Accounts Payable	12,090
Accrued Liabilities	325,094
Unearned Revenue	32,907
Due to Other Governments	4,659
Due to Pension System	603,784
Accrued Interest Payable (Note VII)	38,042
Non-Current Liabilities:	
Due and Payable Within One Year:	
Leases Payable (Note VII)	15,962
Bonds Payable (Note VII)	258,512
Due and Payable More Than One Year:	
Leases Payable (Note VII)	19,245
Bonds Payable (Note VII)	4,355,070
Compensated Absences Payable (Note VII)	15,009
Net Pension Liability-Proportionate Share (Note VIII)	899,228
Other Postemployment Benefits (Note IX)	34,160,913
Total Liabilities	40,740,515
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Pension (Note VIII)	565,900
Deferred Inflows of Resources - OPEB (Note IX)	14,347,848
Total Deferred Inflows of Resources	14,913,748
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	55,654,263
NET POSITION	
Net Investment in Capital Assets	9,883,263
Restricted	9,499,950
Unrestricted	(38,131,998)
Total Net Position	\$ (18,748,785)

See accompanying notes to basic financial statements.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
			Capital Grants and Contributions	Governmental Activities
<u>FUNCTIONS/PROGRAMS</u>				
Primary Government:				
Governmental Activities:				
General Support	\$ (2,542,223)	\$ -	\$ -	\$ -
Instruction	(11,579,735)	242,442	829,500	-
Pupil Transportation	(1,233,196)	-	25,158	-
School Lunch Program	(448,821)	20,073	296,653	-
Interest on Debt	(218,383)	-	-	-
Total Primary Government	\$ (16,022,358)	\$ 262,515	\$ 1,151,311	\$ -
General Revenues:				
Real Property Taxes				11,891,938
Other Tax Items				235,471
Use of Money and Property				137,385
Sale of Property and Compensation for Loss				(12,953)
Miscellaneous				77,505
State Sources				2,631,867
Total General Revenues				14,961,213
Change in Net Position				352,681
Net Position - Beginning, as previously reported				(19,059,966)
Prior Period Adjustment (Note XII)				(41,500)
Net Position - Beginning, as restated				(19,101,466)
Net Position - Ending				\$ (18,748,785)

See accompanying notes to basic financial statements.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 465,919	\$ 572,974	\$ 2,897,643	\$ 18,390	\$ 3,954,926
Restricted Cash	9,257,001	-	48,762	103,939	9,409,702
Due from Other Funds	3,592,473	1,486,836	5,337	131,730	5,216,376
State and Federal Aid Receivable	67,790	642,620	-	19,183	729,593
Due from Other Governments	113,396	-	-	-	113,396
Accounts Receivable, Net	-	28,176	-	-	28,176
Inventories	-	-	-	11,390	11,390
Total Assets	\$13,496,579	\$ 2,730,606	\$ 2,951,742	\$ 284,632	\$19,463,559
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 8,474	\$ 3,616	\$ -	\$ -	\$ 12,090
Accrued Liabilities	325,094	-	-	-	325,094
Unearned Revenues	-	32,907	-	-	32,907
Due to Other Funds	1,521,485	2,694,083	915,155	85,653	5,216,376
Due to Other Governments	-	-	-	4,659	4,659
Due to Teachers' Retirement System	560,184	-	-	-	560,184
Due to Employees' Retirement System	37,356	-	-	6,244	43,600
Total Liabilities	2,452,593	2,730,606	915,155	96,556	6,194,910
Fund Balances:					
Nonspendable	-	-	-	11,390	11,390
Restricted	9,257,001	-	48,762	194,187	9,499,950
Assigned	5,918	-	1,987,825	-	1,993,743
Unassigned	1,781,067	-	-	(17,501)	1,763,566
Total Fund Balances	11,043,986	-	2,036,587	188,076	13,268,649
Total Liabilities and Fund Balances	\$13,496,579	\$ 2,730,606	\$ 2,951,742	\$ 284,632	\$19,463,559

See accompanying notes to basic financial statements.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 3,954,926	\$ -	\$ -	\$ 3,954,926
Restricted Cash	9,409,702	-	-	9,409,702
Due From Other Funds	5,216,376	-	(5,216,376)	-
State and Federal Aid Receivable	729,593	-	-	729,593
Due From Other Governments	113,396	-	-	113,396
Accounts Receivable, Net	28,176	-	-	28,176
Inventories	11,390	-	-	11,390
Prepaid Expenditures	-	-	-	-
Capital Assets, net	-	14,454,758	-	14,454,758
Intangible Right-to-Use Lease Asset	-	77,294	-	77,294
Total Assets	19,463,559	14,532,052	(5,216,376)	28,779,235
Deferred Outflows of Resources - Pension ERS	-	483,183	-	483,183
Deferred Outflows of Resources - Pension TRS	-	2,140,494	-	2,140,494
Deferred Outflows of Resources - OPEB	-	5,502,566	-	5,502,566
Total Assets and Deferred Outflows	\$ 19,463,559	\$ 22,658,295	\$ (5,216,376)	\$ 36,905,478
LIABILITIES				
Accounts Payable	\$ 12,090	\$ -	\$ -	\$ 12,090
Accrued Liabilities	325,094	-	-	325,094
Unearned Revenues	32,907	-	-	32,907
Due to Other Funds	5,216,376	-	(5,216,376)	-
Due to Other Governments	4,659	-	-	4,659
Due to Teachers' Retirement System	560,184	-	-	560,184
Due to Employees' Retirement System	43,600	-	-	43,600
Other Post Employment Benefits	-	34,160,913	-	34,160,913
Accrued Interest Payable	-	38,042	-	38,042
Bonds Payable	-	4,613,582	-	4,613,582
Leases Payable	-	35,207	-	35,207
Compensated Absences Payable	-	15,009	-	15,009
TRS Net Pension Liability-Proportionate Share	-	321,597	-	321,597
ERS Net Pension Liability-Proportionate Share	-	577,631	-	577,631
Total Liabilities	6,194,910	39,761,981	(5,216,376)	40,740,515
Deferred Inflows of Resources - Pension ERS	-	308,647	-	308,647
Deferred Inflows of Resources - Pension TRS	-	257,253	-	257,253
Deferred Inflows of Resources - OPEB	-	14,347,848	-	14,347,848
Total Liabilities and Deferred Inflows	6,194,910	54,675,729	(5,216,376)	55,654,263
Total Fund Balances/Net Position	13,268,649	(32,017,434)	-	(18,748,785)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 19,463,559	\$ 22,658,295	\$ (5,216,376)	\$ 36,905,478

See accompanying notes to basic financial statements.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Revenues:					
Real Property Taxes	\$ 11,891,938	\$ -	\$ -	\$ -	\$ 11,891,938
Other Tax Items	235,471	-	-	-	235,471
Charges for Services	159,234	83,208	-	-	242,442
Use of Money and Property	108,436	-	-	28,949	137,385
Sale of Property and Compensation for Loss	19,458	-	87,200	-	106,658
Miscellaneous	77,017	-	-	488	77,505
State Aid	2,626,530	89,607	5,337	63,028	2,784,502
Federal Aid	16,068	748,983	-	199,723	964,774
Surplus Food	-	-	-	33,902	33,902
Food Sales	-	-	-	20,073	20,073
Total Revenues	15,134,152	921,798	92,537	346,163	16,494,650
Expenditures:					
General Support	1,957,324	-	-	-	1,957,324
Instruction	5,904,302	908,560	-	-	6,812,862
Pupil Transportation	645,358	24,165	-	-	669,523
Employee Benefits	3,789,094	-	-	-	3,789,094
Debt Service - Principal	1,085,962	-	-	-	1,085,962
Debt Service - Interest	213,175	-	-	-	213,175
Cost of Food Sales	-	-	-	337,578	337,578
Capital Outlay	-	-	1,942,273	-	1,942,273
Total Expenditures	13,595,215	932,725	1,942,273	337,578	16,807,791
Excess/(Deficiency) of Revenues Over Expenditures	1,538,937	(10,927)	(1,849,736)	8,585	(313,141)
Other Financing Sources/(Uses):					
Operating Transfers In	-	10,927	3,045,000	-	3,055,927
Operating Transfers Out	(3,055,927)	-	-	-	(3,055,927)
Total Other Financing Sources/(Uses)	(3,055,927)	10,927	3,045,000	-	-
Change in Fund Balances	(1,516,990)	-	1,195,264	8,585	(313,141)
Fund Balances - Beginning	12,560,976	-	841,323	179,491	13,581,790
Fund Balances - Ending	\$ 11,043,986	\$ -	\$ 2,036,587	\$ 188,076	\$ 13,268,649

See accompanying notes to basic financial statements.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 11,891,938	\$ -	\$ -	\$ -	\$ -	\$ 11,891,938
Other Tax Items	235,471	-	-	-	-	235,471
Charges for Services	242,442	-	-	-	-	242,442
Use of Money and Property	137,385	-	-	-	-	137,385
Sale of Property and Compensation for Loss	106,658	-	(119,611)	-	-	(12,953)
Miscellaneous	77,505	-	-	-	-	77,505
State Aid	2,784,502	-	-	-	-	2,784,502
Federal Aid	964,774	-	-	-	-	964,774
Surplus Food	33,902	-	-	-	-	33,902
Food Sales	20,073	-	-	-	-	20,073
Total Revenues	16,494,650	-	(119,611)	-	-	16,375,039
Expenditures:						
General Support	1,957,324	-	63,329	-	521,570	2,542,223
Instruction	6,812,862	-	68,782	-	4,698,091	11,579,735
Pupil Transportation	669,523	-	195,564	-	368,109	1,233,196
Employee Benefits	3,789,094	1,909,919	-	-	(5,699,013)	-
Debt Service - Principal	1,085,962	-	-	(1,085,962)	-	-
Debt Service - Interest	213,175	-	-	5,208	-	218,383
Cost of Sales	337,578	-	-	-	111,243	448,821
Capital Outlay	1,942,273	-	(1,942,273)	-	-	-
Total Expenditures	16,807,791	1,909,919	(1,614,598)	(1,080,754)	-	16,022,358
Excess/(Deficiency) of Revenues Over Expenditures	(313,141)	(1,909,919)	1,494,987	1,080,754	-	352,681
Other Financing Sources/(Uses)						
Operating Transfers In	3,055,927	-	-	-	(3,055,927)	-
Operating Transfers Out	(3,055,927)	-	-	-	3,055,927	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-
Change in Fund Balances	\$ (313,141)	\$ (1,909,919)	\$ 1,494,987	\$ 1,080,754	\$ -	\$ 352,681

See accompanying notes to basic financial statements.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	Private Purpose Trusts	Other Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 453,983	\$ 115,262
Investment in Securities	36,270	-
Total Assets	<u>490,253</u>	<u>115,262</u>
LIABILITIES		
Total Liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Unrestricted (Deficit)	<u>490,253</u>	<u>115,262</u>
Total Net Position	<u>490,253</u>	<u>115,262</u>
Total Liabilities and Net Position	<u>\$ 490,253</u>	<u>\$ 115,262</u>

See accompanying notes to basic financial statements.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	Private Purpose Trusts	Other Custodial Funds
ADDITIONS		
Contributions	\$ 1,450	\$ 120,785
Interest	8,441	128
Total Additions	<u>9,891</u>	<u>120,913</u>
DEDUCTIONS		
Scholarships and Awards	18,555	-
Other Custodial Activities	20,655	124,336
Total Deductions	<u>39,210</u>	<u>124,336</u>
Change in Fiduciary Net Position	<u>(29,319)</u>	<u>(3,423)</u>
Net Position - Beginning of Year, as Previously Reported	<u>519,572</u>	<u>118,685</u>
Net Position - End of Year	<u>\$ 490,253</u>	<u>\$ 115,262</u>

See accompanying notes to basic financial statements.

HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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

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

A. Reporting Entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39* and GASB Statement 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities included in the District’s reporting entity.

B. Joint Venture:

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

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

In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

During the year, the District was billed \$1,148,163 for BOCES administrative and program costs.

The District’s share of BOCES aid amounted to \$201,330.

The financial statements for the BOCES are available from the BOCES administrative office.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

C. Basis of Presentation:

1. District-Wide Statements

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

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

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

a. General Fund:

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

b. Capital Projects Funds:

These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

c. Special Revenue Funds:

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. Special revenue funds include the following funds:

i. Special Aid Fund:

These funds are used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

3. The District reports the following non-major governmental funds:

a. Special Revenue Funds:

i. Cafeteria Fund:

Cafeteria Fund is used to account for transactions of lunch, breakfast, and milk programs.

b. Debt Service Fund:

These fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

C. Basis of Presentation - Continued:

4. The District reports the following fiduciary funds:

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

a. Private Purpose Trust Funds:

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

b. Custodial Funds:

These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investment trust funds or private purpose trust fund.

Extraclassroom Activity Funds

The District accounts for assets held as an agent for various student organizations in a Custodial Fund. The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office.

D. Measurement Focus and Basis of Accounting:

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year, including real property taxes.

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

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

E. Cash and Cash Equivalents:

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

F. Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Generally, the District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the District's name.

The District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2024.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The District's investment policy limits the amount on deposit at each of its banking institutions.

G. Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1st and become a lien on August 16th. Taxes are collected during the period September 1st to October 31st.

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

In June of 2011, New York State passed Chapter 97 of the Laws of 2011 ("Tax Cap Law"). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items ("CPI-U"), subject to certain limited exceptions and adjustments.

H. Accounts Receivable:

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

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

I. Other Receivables:

Other receivables include amounts due from other governments and individuals for services provided by the District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

J. Inventories and Prepaid Items:

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

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

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

K. Interfund Transactions:

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

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

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

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

L. Other Assets/Restricted Assets:

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

M. Capital and Intangible Assets:

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 2,000	Straight-Line	25 - 50 years
Building Improvements	2,000	Straight-Line	50 years
Site Improvements	2,000	Straight-Line	25 years
Furniture and Equipment	1,000	Straight-Line	5 - 15 years

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

N. Intangible Right-to-Use Lessee Assets

The District is a lessee for various noncancellable leases of equipment, and other assets. For leases with a maximum possible term of 12 months or less at commencement (short-term), the District recognizes lease expense based on the provisions of the lease agreement in the Statement of Revenues, Expenses, and Changes in Net Position. For all other leases, the District recognizes a lease liability and an intangible right-to-use leased asset in the Statement of Net Position.

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. Certain lease contracts allow for one-time payments.

The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service. If the District is reasonably certain of exercising a purchase option contained in a lease, the leased asset is amortized over the useful life of the underlying asset.

The following key estimates and judgments are used by the District to determine the following:

Discount rate: The District generally uses an incremental borrowing rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. Since the District's bonds are not actively traded, the District determines its incremental borrowing rate by using observable inputs from yield curves from similar entities with similar ratings.

Lease term: The lease term includes the noncancelable period of the lease, plus periods covered by either a District or lessor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the District and the lessor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease term.

Lease payments: Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

O. Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and differences during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

O. Deferred Outflows and Inflows of Resources - Continued:

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

P. Vested Employee Benefits:

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out ("LIFO") basis. Generally employees cannot accrue and be paid for unused vacation and sick time.

Upon retirement or death, certain employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability in the district-wide financial statements. The compensated absences liability is calculated based on the rates in effect at year-end as defined in the contractual bargaining agreement.

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

Q. Other Benefits:

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with various employment contracts. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District and have completed 10 years of continuous service. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. Some costs of providing post-retirement benefits are shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of the insurance premiums as expenditure or operating transfer to other funds in the General Fund in the year paid.

R. Unearned Revenue:

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

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

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

S. Restricted Resources:

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

T. Estimates:

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

U. Short-Term Debt:

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

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

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

V. Accrued Liabilities and Long-Term Obligations:

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

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

W. Fund Balance

Generally, fund balance represents the difference between current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

X. Equity Classifications:

1. District-Wide Statements:

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

- a. *Net Investment in Capital Assets* – consists of net capital assets (cost less accumulated depreciation) and intangible assets (cost less amortized amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.
- b. *Restricted Net Position* – reports net position when constraints placed on the position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- c. *Unrestricted Net Position* – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

2. Fund Statements:

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

- a. *Non-Spendable Fund Balance* – includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.
- b. *Restricted* – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted reserve fund balances:

i. Capital/Technology:

According to Education Law §3651, restricted fund balances 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. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters.

The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

ii. Employee Benefit Accrued Liability:

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits 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.

iii. Insurance:

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

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

X. Equity Classifications - Continued:

iv. Liability Claims and Property Loss:

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

v. Retirement Contributions:

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This Reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operations and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019 a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System.

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

vi. Unemployment Insurance:

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

vii. Workers' Compensation:

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

viii. Debt Service:

According to General Municipal Law §6-i, all 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 obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

X. Equity Classifications - Continued:

Restricted fund balance includes the following:

General Fund:	
Workers Compensation	\$ 207,757
Employee Benefits Accrued Liability	138,258
Retirement Contribution Reserve - ERS	971,695
Retirement Contribution Reserve - TRS	210,455
Property Loss	459,019
Unemployment Insurance	98,922
Insurance Reserve	459,140
Bus & Vehicles Capital Reserve	3,000,352
Facilities Improvement Capital Reserve	3,711,403
Total General Fund	<u>9,257,001</u>
Capital Fund:	
Debt Service	<u>48,762</u>
Debt Service Fund:	
Debt Service	<u>194,187</u>
Total Restricted Funds	<u>\$ 9,499,950</u>

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

d. *Assigned* – Includes amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$5,918, and Capital Projects Fund amounted to \$1,987,825. Amounts assigned to the reduction of the 2024-2025 tax levy is \$0.

e. *Unassigned* – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, this classification should only be used to report a deficit balance.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District’s budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

3. Order of Use of Fund Balance:

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

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

Y. Subsequent Events

Management has evaluated subsequent events for disclosure and /or recognition in the financial statements through the date that the financial statements were available to be issued, which is November 15, 2024.

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

Total fund balances of the District’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

- (1) The costs of building and acquiring capital assets (land, infrastructure, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their lives.

Original Cost of Capital Assets	\$ 22,767,344
Accumulated Depreciation	(8,312,586)
Capital Assets, Net	<u>\$ 14,454,758</u>

- (2) The government funds do not include long-term liabilities because they are not due and payable in the current period. However, the liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Bonds Payable	\$ 4,565,000
Unamortized Bond Premium	48,582
Leases Payable	35,207
Compensated Absences Payable	15,009
TRS Net Pension Liability	321,597
ERS Net Pension Liability	577,631
Other Postemployment Benefits	34,160,913
	<u>\$ 39,723,939</u>

- (3) Deferred outflows and inflows of resources are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows of Resources	<u>\$ 8,126,243</u>
Deferred Inflows of Resources	<u>\$ 14,913,748</u>

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS
STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED**

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

(4) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at June 30, 2024	<u>\$ 38,042</u>
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(5) The governmental funds do not report long-term assets because they are not current financial resources. However, they are reported in the statements of Net Position because they represent economic assets.

Intangible Right-to-Use Assets	
Accumulated Amortization	\$ 242,339
Intangible Right-to-Use Assets, Net	<u>(165,045)</u>
	<u>\$ 77,294</u>

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

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

1. Long-Term Revenue/Expense Differences:

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

2. Capital Related Differences:

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

3. Long-Term Debt Transaction Differences:

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

4. Pension Differences:

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

5. OPEB Differences:

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

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	\$ 16,494,650
Loss on disposal of assets	(119,611)
Total revenues reported in the Statement of Activities	<u>\$ 16,375,039</u>

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS
STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED**

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

	<u>Total Expenditures/Expenses</u>
Total expenditures reported in governmental funds	\$ 16,807,791
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences decreased during the year.	15,009
In the Statement of Activities, the expenses for other postemployment benefits are measured based on the change in the actuarially determined OPEB liability and related deferred inflows/outflows of resources of the District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which OPEB expense was more than the amount of financial resources used during the year.	1,370,512
In the Statement of Activities, pension expense related to ERS and TRS defined benefit plans is measured as the change in the District's proportionate shares of the net pension assets, liabilities, deferred inflows, and deferred outflows as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which the amount of pension expense during the year exceeded financial resources expended.	524,398
Interest payable is recognized in the government-wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year exceeds the interest payable for the prior year.	(26,596)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$551,108 was less than capital expenditures of \$2,210,748 in the current year.	(1,659,640)
Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	(1,070,000)
Lease proceeds to enter into agreement for the use of space and equipment are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and allocated over their estimated useful lives as amortization expenses in the Statement of Activities. This is the amount by which amortization expenses was more than the lease payments.	45,042
Repayment of lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(15,962)
The loss on refunding is deferred and amortized into expense over the life of the debt. This is the net increase in interest expense resulting from current amortization for the bond refunding loss.	35,316
The bond premium was deferred and amortized against the expense over the life of the debt. This is the net reduction of interest expense resulting from current amortization for the bond premium.	<u>(3,512)</u>
Total expenses reported in the Statement of Activities	<u>\$ 16,022,358</u>

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Procedures and Budgetary Accounting:

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

-- General Fund

The voters of the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures and encumbrances that may be incurred. Appropriations will lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists, which was not determined at the time the budget was adopted.

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

Special Revenue Funds have not been included in the comparison because they do not have legally authorized budgets.

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

1. Encumbrances:

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

2. The District's unreserved undesignated fund balance was in excess of New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District intends to take actions to pursue this issue. The District's unreserve undesignated fund balance was 11.59% of the District's budget for the upcoming year.

IV. CASH AND CASH EQUIVALENTS

At June 30, 2024, the carrying amount of the District's cash and cash equivalents (cash, certificates of deposits and interest-bearing savings accounts) was \$13,933,228, and the bank balance was \$14,516,657. The District's deposits at June 30, 2024, and during the year then ended, were covered by FDIC or by pledged collateral held by the District's agent bank in the District's name. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes. Petty cash is included in Cash and Cash Equivalents and totaled \$645 at year end.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end include \$9,409,702 within the governmental funds and \$-0- in the fiduciary funds.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

V. INTERFUND ACTIVITY

The interfund receivables and payables at June 30, 2024 were as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 3,592,473	\$ 1,521,485
Capital Projects	5,337	915,155
Special Aid	1,486,836	2,694,083
Debt Service	90,248	-
Cafeteria	41,482	85,653
	<u>5,216,376</u>	<u>5,216,376</u>
Fiduciary	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 5,216,376</u>	<u>\$ 5,216,376</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 3,055,927
Capital Projects	3,045,000	-
Special Aid	10,927	-
	<u>3,055,927</u>	<u>-</u>
TOTAL	<u>\$ 3,055,927</u>	<u>\$ 3,055,927</u>

In the normal course of its operations, the District budgets for and transfers monies between funds for budgeted purposes. Transfers from the General Fund represent transferring the District's 20% share of the Special Aid Fund's Summer Handicapped Program and transfers to the Capital Fund for voter authorized capital items such as construction and bus purchases and transfer to the Cafeteria Fund for budgeted support.

Additional loans will occur between funds to mitigate the effects of cash flow, such as in the Special Aid Fund where-in project advances generally do not keep pace with costs and the General Fund has to "loan" cash dollars to run the programs. In the case of the Capital Fund, loans will occur in advance of obtaining the final funding through bond proceeds. In addition, in the case of the Capital Fund, interest earned on borrowed funds becomes payable to the Debt Service Fund for the future reduction of debt service payments. All interfund payables are expected to be repaid within one year.

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VI. CAPITAL AND INTANGIBLE ASSETS

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

	Beginning Balance	Prior Period Adjustments	Beginning Balance - Restated	Increases	Decreases	Ending Balance
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 29,366	\$ -	\$ 29,366	\$ -	\$ -	\$ 29,366
Construction in Progress	4,865,476	-	4,865,476	1,468,715	-	6,334,191
Total capital assets, not being depreciated	<u>4,894,842</u>	<u>-</u>	<u>4,894,842</u>	<u>1,468,715</u>	<u>-</u>	<u>6,363,557</u>
Capital assets, being depreciated:						
Buildings and Improvements	12,409,131	-	12,409,131	-	-	12,409,131
Furniture and Equipment	2,074,035	-	2,074,035	268,475	(5,961)	2,336,549
Vehicles	1,488,831	-	1,488,831	473,558	(304,282)	1,658,107
Total capital assets being depreciated	<u>15,971,997</u>	<u>-</u>	<u>15,971,997</u>	<u>742,033</u>	<u>(310,243)</u>	<u>16,403,787</u>
Accumulated depreciation for:						
Buildings and Improvements	(5,875,222)	-	(5,875,222)	(251,070)	-	(6,126,292)
Furniture and Equipment	(1,424,765)	-	(1,424,765)	(104,541)	3,626	(1,525,680)
Vehicles	(652,123)	-	(652,123)	(195,497)	187,006	(660,614)
Total accumulated depreciation	<u>(7,952,110)</u>	<u>-</u>	<u>(7,952,110)</u>	<u>(551,108)</u>	<u>190,632</u>	<u>(8,312,586)</u>
Total capital assets, being depreciated, net	<u>8,019,887</u>	<u>-</u>	<u>8,019,887</u>	<u>190,925</u>	<u>(119,611)</u>	<u>8,091,201</u>
Governmental activities capital assets, net	<u>12,914,729</u>	<u>-</u>	<u>12,914,729</u>	<u>1,659,640</u>	<u>(119,611)</u>	<u>14,454,758</u>
Intangible Right-to-Use Lease Assets:						
Leased Equipment	294,339	(52,000)	242,339	-	-	242,339
Less Accumulated Amortization	(130,503)	10,500	(120,003)	(45,042)	-	(165,045)
Total Intangible Right-to-Use Lease Assets, net	<u>163,836</u>	<u>(41,500)</u>	<u>122,336</u>	<u>(45,042)</u>	<u>-</u>	<u>77,294</u>
Total Capital Assets and Intangible Assets, net	<u>\$ 13,078,565</u>	<u>\$ (41,500)</u>	<u>\$ 13,037,065</u>	<u>\$ 1,614,598</u>	<u>\$ (119,611)</u>	<u>\$ 14,532,052</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 281,329
Instruction	74,215
Transportation	<u>195,564</u>
Total Depreciation Expense	<u>\$ 551,108</u>

Amortization expense was charged to functions/programs of the District as follows:

Governmental Activities:	
Instruction	\$ 45,042
Total Amortization Expense	<u>\$ 45,042</u>

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VII. LONG-TERM DEBT

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of the 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 long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Serial Bonds

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

Leases Payable

The District leases a variety of network printers and technology equipment from Questar III BOCES, with varying interest rates and maturities.

Noncurrent liability balances and activity are as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued/ Earned</u>	<u>Redeemed/ Paid</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Serial Bonds	\$ 5,635,000	\$ -	\$ (1,070,000)	\$ 4,565,000	\$ 255,000
Unamortized Bond Premium	52,094	-	(3,512)	48,582	3,512
Leases Payable	51,169	-	(15,962)	35,207	15,962
Other liabilities:					
Compensated Absences Payable	-	15,009	-	15,009	-
ERS Pension Liability	811,004	-	(233,373)	577,631	-
TRS Pension Liability	538,587	-	(216,990)	321,597	-
Other Postemployment Benefits	36,410,101	-	(2,249,188)	34,160,913	-
Total long-term liabilities	<u>\$ 43,497,955</u>	<u>\$ 15,009</u>	<u>\$ (3,789,025)</u>	<u>\$ 39,723,939</u>	<u>\$ 274,474</u>

The following is a summary of the maturity of long-term indebtedness:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at 06/30/24</u>
Serial Bonds:				
Construction	2022	2038	4.00%	\$ 4,565,000
				<u>\$ 4,565,000</u>
Leases Payable:				
2021 Printers	2021	2027	0.00%	\$ 26,482
2021 Printers	2021	2027	0.00%	3,625
2022 Printers	2022	2026	0.00%	5,100
				<u>\$ 35,207</u>

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VII. LONG-TERM DEBT- CONTINUED

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

	Principal	Interest	Total
2025	\$ 255,000	\$ 182,600	\$ 437,600
2026	265,000	172,400	437,400
2027	270,000	161,800	431,800
2028	280,000	151,000	431,000
2029	295,000	139,800	434,800
2030-2034	1,640,000	513,400	2,153,400
2035-2038	1,560,000	159,200	1,719,200
Total	<u>\$ 4,565,000</u>	<u>\$ 1,480,200</u>	<u>\$ 6,045,200</u>

Bond Premium

The 2022 Serial Bond was issued at a premium of \$55,606. The unamortized balance at June 30, 2024 was \$48,582. The premiums are being amortized using the straight-line method, which approximates the effective interest method. Future amortization of the bond premium is as follows:

	Total
2025	\$ 3,512
2026	3,512
2027	3,512
2028	3,512
2029	3,512
2030-2034	17,559
2035-2038	13,463
Total	<u>\$ 48,582</u>

The following is a summary of the maturity of the Leases Payable:

	Total		
	Principal	Interest	Total
2025	\$ 15,962	\$ -	\$ 15,962
2026	14,942	-	14,942
2027	4,303	-	4,303
Totals	<u>\$ 35,207</u>	<u>\$ -</u>	<u>\$ 35,207</u>

Interest expense on long-term debt recorded during the year was:

Interest Paid	\$ 213,175
Less: Interest accrued - prior year	(64,638)
Plus: Interest accrued - current year	38,042
Less: Deferred Inflow - Bond Premium amortization	(3,512)
Plus: Deferred Outflow - Loss on Refunding amortization	35,316
	<u>\$ 218,383</u>

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VIII. PENSION PLANS

Plan Description

The District participates in the New York State and Local Employees' Retirement System (“ERS”). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund (“Fund”), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (“NYSRSSL”). Once a public employer elects to participate in the 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, which provides death benefits in the form of life insurance. The 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/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The District also participates in the New York State Teachers' Retirement System (“TRS”). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the 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.

The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976, and before January 1, 2010, contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010, generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees.

Plan Year Ended	ERS	TRS
2024	\$ 154,185	\$ 484,062
2023	\$ 130,440	\$ 534,448
2022	\$ 194,858	\$ 487,281

At June 30, 2024, the District reported the following for its proportionate share of the net pension asset/(liability) for ERS and TRS:

	ERS	TRS
Measurement Date	March 31, 2024	June 30, 2023
Net Pension asset/(liability)	\$ (577,631)	\$ (321,597)
School District's proportion of the net pension asset/(liability)	0.0039230%	0.028122%

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VIII. PENSION PLANS – CONTINUED

The net pension asset/(liability) was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS and the total pension liability used to calculate the net pension asset/(liability) was determined by actuarial valuations as of April 1, 2023 and June 30, 2022, respectively. The District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The District's proportion of the net pension asset for TRS was based on the District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2024, the District recognized pension expense in the district-wide financial statements of (\$1,171,519) (\$267,025 for ERS and \$904,494 for TRS). Pension expenditures of \$647,517 (\$159,596 for ERS and \$487,921 for TRS) were recorded in the fund financial statements and were charged to the General, and Cafeteria Funds.

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

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 186,054	\$ 779,787	\$ 965,841
Changes of assumptions	218,389	692,389	910,778
Net difference between projected and actual earnings on pension plan investments	-	164,394	164,394
Changes in proportion and difference between the District's contributions and proportionate share of contributions	35,140	16,033	51,173
District's contributions subsequent to the measurement date	43,600	487,891	531,491
Total	<u>\$ 483,183</u>	<u>\$ 2,140,494</u>	<u>\$ 2,623,677</u>
	Deferred Inflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 15,750	\$ 1,927	\$ 17,677
Changes of assumptions	-	150,902	150,902
Net difference between projected and actual earnings on pension plan investments	282,169	-	282,169
Changes in proportion and difference between the District's contributions and proportionate share of contributions	10,728	104,424	115,152
Total	<u>\$ 308,647</u>	<u>\$ 257,253</u>	<u>\$ 565,900</u>

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VIII. PENSION PLANS - CONTINUED

Deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>TRS</u>
2025	\$ (94,695)	\$ 114,499
2026	114,641	(188,050)
2027	170,417	1,267,017
2028	(59,427)	83,550
2029	-	70,579
Thereafter	-	47,755
Total	<u>\$ 130,936</u>	<u>\$ 1,395,350</u>

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted above, with update procedures used to roll forward the total pension liabilities to the measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2024	June 30, 2023
Investment Rate of Return	5.90% compounded annually net of investment expense	6.95% compounded annually net of investment expense
Projected Salary Increases	4.40%	1.95%-5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience Study	July 1, 2015 - June 30, 2020 System's Experience Study
Inflation Rate	2.90%	2.40%
Mortality Improvement	Society of Actuaries Scale MP - 2021	Society of Actuaries Scale MP - 2021

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

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

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VIII. PENSION PLANS - CONTINUED

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

Measurement Date	ERS		TRS	
	March 31, 2024		June 30, 2023	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Asset Class:				
Domestic Equity	32%	4.00%	33%	6.80%
International Equity	15%	6.65%	15%	7.60%
Private Equity	10%	7.25%	9%	10.10%
Real Estate Equity	9%	4.60%	11%	6.30%
Domestic Fixed Income Securities	0%	0.00%	16%	2.20%
Global Bonds	0%	0.00%	2%	1.60%
High Yield Bonds	0%	0.00%	1%	4.40%
Global Equities	0%	0.00%	4%	7.20%
Private Debt	0%	0.00%	2%	6.00%
Real Estate Debt	0%	0.00%	6%	3.20%
Opportunistic/Absolute Return Strategy	3%	5.25%	0%	0.00%
Credit	4%	5.40%	0%	0.00%
Real Assets	3%	5.79%	0%	0.00%
Fixed Income	23%	1.50%	0%	0.00%
Cash	1%	0.25%	1%	0.30%
Total	<u>100%</u>		<u>100%</u>	

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, 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 1 percentage point lower (4.90% for ERS and 5.95% for TRS) or 1 percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VIII. PENSION PLANS - CONTINUED

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (1,816,130)	\$ (577,631)	\$ 456,773
TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (4,898,086)	\$ (321,597)	\$ 3,527,428

The components of the collective net pension liability as of the March 31, 2024 ERS measurement date and the June 30, 2023 TRS measurement date were as follows.

Measurement Date	(Dollars in Thousands)	
	ERS March 31, 2024	TRS June 30, 2023
Employers' total pension liability	\$ (240,696,851)	\$ (138,365,122)
Plan net position	225,972,801	137,221,537
Employers' net pension asset/(liability)	<u>\$ (14,724,050)</u>	<u>\$ (1,143,585)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.88%	99.17%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2024 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the District to TRS. 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 employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2024 were \$43,600 to ERS and \$560,184 to TRS and were recorded in the General Fund and Cafeteria Fund.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”)

Plan Description

The District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the District and the retired employee as noted below. Substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

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

Active Employees	99
Beneficiaries	93
Total Employees Covered by Benefit Terms	<u>192</u>

The District's total OPEB liability of \$34,160,913 was measured as of June 30, 2024 and was determined by an actuarial valuation dated June 30, 2021.

The total OPEB liability as of the June 30, 2024 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.70%
Projected Salary Increases, Including Wage Inflation	2.60% average, including inflation
Discount Rate	4.21%
Healthcare Cost Trend Rates	6.75% decreasing to 4.14% by 2075
Retiree's Share of Benefit Related Costs	7.5% to 15% of projected health insurance premiums for retirees

The discount rate was based on the Tax Exempt General Obligation 20-year Municipal Bond average rating of AA/Aa or higher as of June 30, 2024.

Mortality rates were based on the Pub-2010 Mortality Table, as appropriate, projected fully generationally using MP-2021.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2020 through 2021.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

The District's change in the total OPEB liability for the year ended June 30, 2024 is as follows:

Balance - Beginning	\$	36,410,101
Changes for the Year:		
Service Cost		1,459,860
Interest		1,540,235
Changes of Benefit Terms		7,756
Differences Between Expected and Actual Experience		(3,051,500)
Changes in Assumptions or Other Inputs		(1,041,494)
Benefit Payments		(1,164,045)
Net Changes		<u>(2,249,188)</u>
Balance - Ending	\$	<u>34,160,913</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21%) or 1 percentage point higher (5.21%) than the current discount rate:

	1% Decrease 3.21%	Discount Rate 4.21%	1% Increase 5.21%
Total OPEB Liability	\$ 39,987,843	\$ 34,160,913	\$ 29,507,078

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (3.21%) or 1 percentage point higher (5.21%) than the current healthcare cost trend rates:

	1% Decrease 3.21%	Healthcare Cost Trend Rate 4.21%	1% Increase 5.21%
Total OPEB Liability	\$ 28,808,008	\$ 34,160,913	\$ 41,083,607

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

For the year ended June 30, 2024, the District recognized additional OPEB expense of \$1,370,512 in the district-wide financial statements. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Differences between expected and actual experience	\$	121,742	\$	(4,354,111)
Changes of Assumptions or other inputs		5,380,824		(9,993,737)
				<hr/>
Total	\$	5,502,566	\$	(14,347,848)
				<hr/> <hr/>

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

	2025	\$	(326,684)
	2026		(536,414)
	2027		(3,084,036)
	2028		(3,118,153)
	2029		(1,195,285)
	Thereafter		(584,710)
Total		\$	(8,845,282)
			<hr/> <hr/>

X. RISK MANAGEMENT

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

The District participates in the Catskill Area School Employee Benefits Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool’s geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

XI. CONTINGENCIES AND COMMITMENTS

Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings.

Additionally, the District has various cases pending; legal counsel has been appointed. All cases are being vigorously defended. Any future obligations related to such cases are undetermined.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

XI. CONTINGENCIES AND COMMITMENTS - CONTINUED

Other

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

XII. PRIOR PERIOD ADJUSTMENTS

Management has adjusted opening fund balances and opening net position for the reasons described below:

	<u>Net Position</u>
Net Position - Beginning, as previously reported	\$ (19,059,966)
To reverse leased one time purchase technology equipment	(41,500)
Net Position - Beginning, as restated	<u>\$ (19,101,466)</u>

XIII. NEW ACCOUNTING STANDARDS

In In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement provides users of the financial statements with essential information about risks related to concentrations and constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement addresses application issues related to Management's Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund, Major Component Unit, and Budgetary Comparison Information. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Management has not estimated the potential impact of these statements, if any, on the District's financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS**

	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
<u>Total OPEB Liability</u>							
Service Cost	\$ 1,459,860	\$ 1,683,003	\$ 2,742,598	\$ 2,611,372	\$ 1,070,521	\$ 930,417	\$ 973,088
Interest	1,540,235	1,411,113	1,114,813	1,073,938	913,199	911,296	837,967
Change of Benefit Terms	7,756	-	48,332	-	2,197,187	-	-
Differences Between Expected and Actual Experience	(3,051,500)	(572,592)	(2,160,006)	(222,260)	426,092	-	-
Changes in Assumptions or Other Inputs	(1,041,494)	(3,701,417)	(11,300,026)	461,056	17,407,218	1,468,145	(1,094,112)
Benefit Payments	(1,164,045)	(1,167,750)	(1,108,227)	(968,585)	(983,556)	(976,872)	(1,022,764)
Net Change in Total OPEB Liability	(2,249,188)	(2,347,643)	(10,662,516)	2,955,521	21,030,661	2,332,986	(305,821)
Total OPEB Liability - Beginning	36,410,101	38,757,744	49,420,260	46,464,739	25,434,078	23,101,092	23,406,913
Total OPEB Liability - Ending (a)	\$ 34,160,913	\$ 36,410,101	\$ 38,757,744	\$ 49,420,260	\$ 46,464,739	\$ 25,434,078	\$ 23,101,092
<u>Plan Fiduciary Net Position</u>							
Contributions - Employer	\$ 1,164,045	\$ 1,167,750	\$ 1,108,227	\$ 968,585	\$ 983,556	\$ 976,872	\$ 1,022,764
Benefit Payments	(1,164,045)	(1,167,750)	(1,108,227)	(968,585)	(983,556)	(976,872)	(1,022,764)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Net OPEB Liability - Ending (a) - (b)	\$ 34,160,913	\$ 36,410,101	\$ 38,757,744	\$ 49,420,260	\$ 46,464,739	\$ 25,434,078	\$ 23,101,092
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%
Covered Payroll	\$ 5,345,326	\$ 5,937,656	\$ 5,201,836	\$ 5,709,940	\$ 5,635,291	\$ 4,977,888	\$ 4,896,853
Total OPEB Liability as a percentage of covered payroll	639.1%	613.2%	745.1%	865.5%	824.5%	510.9%	471.8%
<u>Notes to Schedule:</u>							
Changes in Assumptions:							
Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.							
The following are the discount rates used in each period:							
	6/30/24						
	6/30/23						
	6/30/22						
	6/30/21						
	6/30/20						
	6/30/19						
	6/30/18						

No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits. GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
AND RELATED RATIOS**

Plan Year Ended	Proportion of the		Proportionate Share	Actual Covered		Net Pension		Fiduciary Net Position
	Net Pension	Asset (Liability)		Member	Payroll	Asset/(Liability) as a Percentage	of Covered Payroll	
	Asset (Liability)		Asset (Liability)	Member	Payroll	Asset/(Liability) as a Percentage	of Covered Payroll	Total Pension Liability
Teachers' Retirement System								
6/30/2023	0.02812200%	\$	(321,597)	\$	5,171,711	(6.22%)	(6.22%)	99.17%
6/30/2022	0.02806800%	\$	(538,587)	\$	4,911,757	(10.97%)	(10.97%)	98.60%
6/30/2021	0.02702000%	\$	(4,683,026)	\$	4,586,865	(102.10%)	(102.10%)	113.25%
6/30/2020	0.02635000%	\$	728,079	\$	4,549,113	16.00%	16.00%	97.80%
6/30/2019	0.02463000%	\$	(639,898)	\$	4,229,210	(15.13%)	(15.13%)	102.20%
6/30/2018	0.02547000%	\$	(453,628)	\$	4,111,204	(11.03%)	(11.03%)	101.53%
6/30/2017	0.02547000%	\$	(193,606)	\$	4,312,461	(4.49%)	(4.49%)	100.66%
6/30/2016	0.02600000%	\$	278,453	\$	4,399,708	6.33%	6.33%	99.01%
6/30/2015	0.02614000%	\$	(2,715,124)	\$	4,173,314	(65.06%)	(65.06%)	110.46%
6/30/2014	0.02719000%	\$	(3,028,907)	\$	4,205,024	(72.03%)	(72.03%)	111.48%

Plan Year Ended	Proportion of the		Proportionate Share	Actual Covered		Net Pension		Fiduciary Net Position
	Net Pension	Asset (Liability)		Member	Payroll	Asset/(Liability) as a Percentage	of Covered Payroll	
	Asset (Liability)		Asset (Liability)	Member	Payroll	Asset/(Liability) as a Percentage	of Covered Payroll	Total Pension Liability
Employees' Retirement System								
3/31/2024	0.00392300%	\$	(577,631)	\$	1,215,367	(47.53%)	(47.53%)	93.88%
3/31/2023	0.00378200%	\$	(811,004)	\$	1,257,171	(64.51%)	(64.51%)	90.78%
3/31/2022	0.00379580%	\$	310,290	\$	1,188,148	26.12%	26.12%	103.65%
3/31/2021	0.00396550%	\$	(3,949)	\$	1,222,155	(0.32%)	(0.32%)	99.95%
3/31/2020	0.00382310%	\$	(1,012,373)	\$	1,250,902	(80.93%)	(80.93%)	86.39%
3/31/2019	0.00395640%	\$	(280,320)	\$	1,251,098	(22.41%)	(22.41%)	96.27%
3/31/2018	0.00428810%	\$	(138,397)	\$	1,238,308	(11.18%)	(11.18%)	98.24%
3/31/2017	0.00430900%	\$	(404,880)	\$	1,218,724	(33.22%)	(33.22%)	94.70%
3/31/2016	0.00449510%	\$	(721,478)	\$	1,270,613	(56.78%)	(56.78%)	90.68%
3/31/2015	0.00473440%	\$	(159,938)	\$	1,278,274	(12.51%)	(12.51%)	97.95%

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Contractually Required Contribution		Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll		Required Contributions as a Percentage of Covered Payroll
	Contractually Required Contribution	Actual Employer Contribution			Covered Employee Payroll	Covered Employee Payroll	
Teachers' Retirement System							
6/30/2024	\$ 484,062	\$ 484,062	\$ 484,062	\$ -	\$ 5,110,844	\$ 5,110,844	9.47%
6/30/2023	\$ 534,448	\$ 534,448	\$ 534,448	\$ -	\$ 5,171,711	\$ 5,171,711	10.33%
6/30/2022	\$ 487,281	\$ 487,281	\$ 487,281	\$ -	\$ 4,911,757	\$ 4,911,757	9.92%
6/30/2021	\$ 437,128	\$ 437,128	\$ 437,128	\$ -	\$ 4,586,865	\$ 4,586,865	9.53%
6/30/2020	\$ 396,234	\$ 396,234	\$ 396,234	\$ -	\$ 4,549,113	\$ 4,549,113	8.71%
6/30/2019	\$ 436,610	\$ 436,610	\$ 436,610	\$ -	\$ 4,229,210	\$ 4,229,210	10.32%
6/30/2018	\$ 400,456	\$ 400,456	\$ 400,456	\$ -	\$ 4,111,204	\$ 4,111,204	9.74%
6/30/2017	\$ 473,060	\$ 473,060	\$ 473,060	\$ -	\$ 4,312,461	\$ 4,312,461	10.97%
6/30/2016	\$ 531,964	\$ 531,964	\$ 531,964	\$ -	\$ 4,399,708	\$ 4,399,708	12.09%
6/30/2015	\$ 688,333	\$ 688,333	\$ 688,333	\$ -	\$ 4,173,314	\$ 4,173,314	16.49%

Fiscal Year Ended	Contractually Required Contribution		Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll		Required Contributions as a Percentage of Covered Payroll
	Contractually Required Contribution	Actual Employer Contribution			Covered Employee Payroll	Covered Employee Payroll	
Employees' Retirement System							
6/30/2024	\$ 154,185	\$ 154,185	\$ 154,185	\$ -	\$ 1,485,923	\$ 1,485,923	10.38%
6/30/2023	\$ 130,440	\$ 130,440	\$ 130,440	\$ -	\$ 1,535,914	\$ 1,535,914	8.49%
6/30/2022	\$ 194,858	\$ 194,858	\$ 194,858	\$ -	\$ 1,188,148	\$ 1,188,148	16.40%
6/30/2021	\$ 181,168	\$ 181,168	\$ 181,168	\$ -	\$ 1,222,155	\$ 1,222,155	14.82%
6/30/2020	\$ 186,172	\$ 186,172	\$ 186,172	\$ -	\$ 1,250,902	\$ 1,250,902	14.88%
6/30/2019	\$ 184,827	\$ 184,827	\$ 184,827	\$ -	\$ 1,251,098	\$ 1,251,098	14.77%
6/30/2018	\$ 182,985	\$ 182,985	\$ 182,985	\$ -	\$ 1,238,308	\$ 1,238,308	14.78%
6/30/2017	\$ 182,344	\$ 182,344	\$ 182,344	\$ -	\$ 1,218,724	\$ 1,218,724	14.96%
6/30/2016	\$ 210,404	\$ 210,404	\$ 210,404	\$ -	\$ 1,270,613	\$ 1,270,613	16.56%
6/30/2015	\$ 204,656	\$ 204,656	\$ 204,656	\$ -	\$ 1,278,274	\$ 1,278,274	16.01%

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts GAAP Basis	Year End Encumbrances	Final Budget
	Original	Final			Variance to Actual & Encumbrances
Revenues:					
Real Property Taxes	\$ 12,144,615	\$ 12,144,615	\$ 11,891,938	\$ -	\$ (252,677)
Other Tax Items	225,000	225,000	235,471	-	10,471
Non-property Taxes	1,000	1,000	-	-	(1,000)
Charges for Services	70,075	70,075	159,234	-	89,159
Use of Money and Property	15,500	15,500	108,436	-	92,936
Sale of Property and Compensation for Loss	1,000	1,000	19,458	-	18,458
Miscellaneous	125,150	125,150	77,017	-	(48,133)
State Aid	2,551,253	2,551,253	2,626,530	-	75,277
Federal Aid	10,000	10,000	16,068	-	6,068
Total Revenues	15,143,593	15,143,593	15,134,152		(9,441)
Expenditures:					
General Support					
Board of Education	19,650	19,650	14,269	-	5,381
Central Administration	187,859	299,780	238,243	-	61,537
Finance	312,333	317,490	267,993	-	49,497
Staff	37,400	38,175	36,070	-	2,105
Central Services	1,024,000	1,281,533	1,145,567	-	135,966
Special Items	239,000	256,865	255,182	-	1,683
Total General Support	1,820,242	2,213,493	1,957,324	-	256,169
Instruction					
Instruction, Administration and Improvement	462,000	475,353	428,381	-	46,972
Teaching - Regular School	3,481,806	3,479,045	3,305,068	3	173,974
Programs for Students with Disabilities	2,052,000	1,741,127	1,239,330	5,415	496,382
Occupational Education	155,000	155,000	152,283	-	2,717
Teaching - Special School	6,500	6,500	5,114	-	1,386
Instructional Media	339,390	297,169	248,403	-	48,766
Pupil Services	634,877	641,113	525,723	500	114,890
Total Instruction	7,131,573	6,795,307	5,904,302	5,918	885,087
Pupil Transportation	730,290	732,100	645,358	-	86,742
Employee Benefits	4,206,500	4,196,312	3,789,094	-	407,218
Debt Service	1,272,988	1,283,175	1,299,137	-	(15,962)
Total Expenditures	15,161,593	15,220,387	13,595,215	5,918	1,619,254
Excess/(Deficiency) of					
Revenues Over Expenditures	(18,000)	(76,794)	1,538,937	(5,918)	1,615,731
Other Financing Uses:					
Operating Transfers Out	(100,000)	(3,145,000)	(3,055,927)	-	89,073
Total Other Financing Sources/(Uses)	(100,000)	(3,145,000)	(3,055,927)	-	89,073
Net Change in Fund Balance	(118,000)	(3,221,794)	(1,516,990)	(5,918)	1,704,804
Appropriated Fund Balance	118,000	3,221,794	1,516,990	-	(1,704,804)
Change in Fund Balance	\$ -	\$ -	\$ -	\$ (5,918)	\$ -

**SUPPLEMENTARY
INFORMATION**

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
JUNE 30, 2024**

	Cafeteria Fund	Debt Service Fund	Total Non- Major Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 18,390	\$ -	\$ 18,390
Restricted Cash	-	103,939	103,939
Due from Other Funds	41,482	90,248	131,730
State and Federal Aid Receivable	19,183	-	19,183
Inventories	11,390	-	11,390
Total Assets	\$ 90,445	\$ 194,187	\$ 284,632
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to Other Funds	\$ 85,653	\$ -	\$ 85,653
Due to Other Governments	4,659	-	4,659
Due to Employees' Retirement System	6,244	-	6,244
Total Liabilities	96,556	-	96,556
Fund Balances:			
Nonspendable	11,390	-	11,390
Restricted	-	194,187	194,187
Unassigned	(17,501)	-	(17,501)
Total Fund Balances	(6,111)	194,187	188,076
Total Liabilities and Fund Balances	\$ 90,445	\$ 194,187	\$ 284,632

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024**

	Cafeteria Fund	Debt Service Fund	Total Governmental Funds
Revenues:			
Use of Money and Property	\$ 41	\$ 28,908	\$ 28,949
Miscellaneous	488	-	488
State Aid	63,028	-	63,028
Federal Aid	199,723	-	199,723
Surplus Food	33,902	-	33,902
Food Sales	20,073	-	20,073
Total Revenues	317,255	28,908	346,163
Expenditures:			
Cost of Food Sales	337,578	-	337,578
Total Expenditures	337,578	-	337,578
Excess/(Deficiency) of Revenues Over Expenditures	(20,323)	28,908	8,585
Change in Fund Balances	(20,323)	28,908	8,585
Fund Balances - Beginning	14,212	165,279	179,491
Fund Balances - Ending	\$ (6,111)	\$ 194,187	\$ 188,076

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2024**

	Fiscal Year of Issue	Fiscal Year of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Amount of Interest Accrued at 6/30/2024	Due Within the Next Year
<u>LEASES PAYABLE</u>									
2021 Network Scanner & Printers	2020	2025	0.00%	\$ 37,831	\$ 11,349	\$ 26,482	\$ -	\$ -	\$ 11,349
2021 Network Scanner & Printers	2020	2025	0.00%	5,178	1,553	3,625	-	-	1,553
Postage Meter	2022	2025	0.00%	8,160	3,060	5,100	-	-	3,060
TOTAL LEASE PAYABLE				51,169	15,962	35,207	-	-	15,962
<u>BOND PREMIUMS</u>									
Unamortized Bond Premiums				52,094	3,512	48,582	-	-	3,512
TOTAL BOND PREMIUMS				52,094	3,512	48,582	-	-	3,512
<u>SERIAL BONDS</u>									
2022 Serial Bond	2022	2038	4.00%	4,820,000	255,000	4,565,000	192,800	38,042	255,000
2012 Serial Bond	2012	2024	2.00 - 2.50%	815,000	815,000	-	20,375	-	-
TOTAL SERIAL BONDS				5,635,000	1,070,000	4,565,000	213,175	38,042	255,000
TOTAL INDEBTEDNESS				\$ 5,738,263	\$ 1,089,474	\$ 4,648,789	\$ 213,175	\$ 38,042	\$ 274,474

**OTHER
INFORMATION**

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
JUNE 30, 2024**

Adopted Budget	\$ 15,261,593
Additions:	
Encumbrances from Prior Year	<u>-</u>
Original Budget	15,261,593
Budget Revisions:	
Appropriated Fund from Capital Reserve	3,045,000
Budget Amendments	<u>58,794</u>
Final Budget	<u><u>\$ 18,365,387</u></u>

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
GENERAL FUND
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
YEAR ENDED JUNE 30, 2024**

2024-2025 Voter-approved expenditure budget maximum allowed	<u>\$ 15,362,451</u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance	
Assigned Fund Balance	\$ 5,918
Unassigned Fund Balance	<u>1,781,067</u>
Total Unrestricted Fund Balance	<u>1,786,985</u>
Less:	
Encumbrances Included in Assigned Fund Balance	<u>5,918</u>
Total Adjustments	<u>5,918</u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,781,067</u></u>
Actual Percentage	<u><u>11.59%</u></u>

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
PROJECT LENGTH SCHEDULE
INCEPTION OF PROJECT THROUGH JUNE 30, 2024**

Project	Expenditures and Transfers to Date				Methods of Financing						Fund Balance (Deficit) at June 30, 2024
	Project Budget	Prior Year	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Interfund Transfers	Totals	
Renovations to Buildings, Facilities & Other	\$ 5,630,000	\$ 4,843,188	\$ 1,145,360	\$ 5,988,548	\$ (358,548)	\$ 5,138,000	-	-	-	\$ 5,138,000	\$ (850,548)
Capital Projects 2025	13,646,000	-	318,018	318,018	13,327,982	-	-	3,045,000	-	3,045,000	2,726,982
High School Security Upgrade	170,327	141,143	-	141,143	29,184	-	-	-	573,234	573,234	432,091
Elementary School Security Upgrade	115,000	189,709	-	189,709	(74,709)	-	-	-	615,397	615,397	425,688
Smart Schools Bond Act Technology Upgrade	97,216	57,302	5,337	62,639	34,577	-	62,644	-	-	62,644	5
2023 Bus Purchase	100,711	100,711	473,558	574,269	(473,558)	-	-	87,200	-	87,200	(487,069)
2022 Bus Purchase	259,324	259,324	-	259,324	-	-	-	-	-	-	(259,324)
2018 Bus Purchase	223,279	223,279	-	223,279	-	248,950	-	-	-	248,950	25,671
2017 Bus Purchase	90,000	74,425	-	74,425	15,575	90,000	-	-	-	90,000	15,575
2016 Bus Purchase	214,905	207,389	-	207,389	7,516	214,905	-	-	-	214,905	7,516
Total	\$ 20,546,762	\$ 6,096,470	\$ 1,942,273	\$ 8,038,743	\$ 12,508,019	\$ 5,691,855	\$ 62,644	\$ 87,200	\$ 4,233,631	\$ 10,075,330	\$ 2,036,587

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2024**

Capital Assets, net		\$	14,454,758
Intangible Right-to-Use Lease Asset, net			77,294
Deductions:			
Short-term Portion of Bonds Payable	255,000		
Long-term Portion of Bonds Payable	4,310,000		
Short Term Portion of Unamortized Bond Premium	3,512		
Long Term Portion of Unamortized Bond Premium	45,070		
Short Term Portion of Lease Payable	15,962		
Long Term Portion of Lease Payable	19,245		
			<u>4,648,789</u>
Net Investment in Capital Assets		\$	<u><u>9,883,263</u></u>

**OTHER REPORTING
REQUIRED BY
*GOVERNMENT AUDITING
STANDARDS***

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Name of Federal Agency or Department	Assistance Listing Number	Pass - Through Entity Identifying Number	Disbursement/ Expenditures
<i>Department of Education:</i>			
Flow Through NYS Education Department:			
Special Education Cluster			
Special Education Grants to States	84.027A	0032-24-0290	\$ 107,666
Special Education Grants to States ARP	84.027X	5532-22-2090	8,231
Special Education Preschool Grants ARP	84.173X	5533-22-0290	679
Special Education Preschool Grants	84.173A	0033-24-0290	<u>3,421</u>
Total Special Education Cluster			<u>119,997</u>
Title I Grants to Local Education Agencies	84.010A	0021-23-1065	500
Title I Grants to Local Education Agencies	84.010A	0021-24-1065	<u>233,657</u>
Total Title I			<u>234,157</u>
Improving Teacher Quality State Grants	84.367A	0147-24-1065	<u>18,105</u>
Total Improving Teacher Quality State Grants			<u>18,105</u>
Student Support and Academic Enrichment Program	84.424	0204-24-1055	<u>20,219</u>
Total Student Support and Academic Enrichment Program			<u>20,219</u>
Education Stabilization Fund, ARP Homeless	84.425W	5218-21-1055	7,250
Education Stabilization Fund, ARP ESSER 3	84.425U	5880-21-1055	274,702
Education Stabilization Fund, ARP ESSER 2	84.425C	5891-21-1055	<u>65,960</u>
Total Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act			<u>347,912</u>
Direct			
Rural Education Achievement Program	84.358	S358A200832	<u>8,593</u>
Total Rural Education Achievement Program			<u>8,593</u>
Total Department of Education			<u>748,983</u>
<i>Department of Agriculture:</i>			
Flow Through NYS Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	61,274
National School Lunch Program	10.555	N/A	129,711
National School Snack Program	10.555	N/A	8,738
Summer Food Service Program for Children	10.559	N/A	<u>33,902</u>
Total Child Nutrition Cluster			<u>233,625</u>
Total Department of Agriculture			<u>233,625</u>
Total Expenditures of Federal Awards			<u>\$ 982,608</u>

N/A - Pass-Through entity identifying number not applicable or not available

See accompanying notes to the schedule of federal awards

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the “schedule”) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's basic financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – INDIRECT COST RATE:

Certain federal award programs of the District have been charged with indirect costs, based upon a rate established by New York State. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

NOTE 3 – MATCHING COSTS:

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 4 – INSURANCE:

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

NOTE 5 – NON-MONETARY ASSISTANCE:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Such assistance has been apportioned to the lunch and breakfast program and total \$33,902.

NOTE 6 – RECONCILIATION TO FINANCIAL STATEMENTS:

The federal expenditures presented in the Schedule reconcile to the State and Federal revenue reported in the Statement of Revenues, Expenditures and Changes in Fund Balance as follows:

Federal Expenditures as reported in the Schedule	\$ 982,608
Reconciling Items:	
Add Medicaid	<u>16,068</u>
Federal Aid and Surplus Food as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance	<u>\$ 998,676</u>



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Education
Hunter-Tannersville Central School District
6049 Main Street
Tannersville, New York 12485

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hunter-Tannersville Central School District (the "District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 may exist that were not identified. We consider the deficiency described in the accompanying schedule of findings as 2024-001 to be a material weakness.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2024-02, 2024-003, 2024-004 and 2024-005.

Purpose of this Report

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

RBT CPAs, LLP

Hudson, NY

November 15, 2024



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Education
Hunter-Tannersville Central School District
P.O. Box 1018
Tannersville, NY 12485

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hunter-Tannersville Central School District’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 auditor’s 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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 over compliance that we consider to be material weaknesses. 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.

Purchase of this Report

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

RBT CPAs, LLP

Hudson, New York
November 15, 2024

**HUNTER-TANNERSVILLE CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

I. FINANCIAL STATEMENT FINDINGS

2023-001: Fund General Ledger and Year-end Closing Procedures

2023-002: Unassigned Fund Balance

2023-003: Capital Projects

2023-004: Balanced Budget. Satisfied in 2024

II. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AUDIT

None Noted

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

I. SUMMARY OF INDEPENDENT AUDIT RESULTS

Financial Statements

Type of auditor's report the auditor issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X No

Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X No

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 X No

Identification of major Federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies (LEAs)
84.425W	Education Stabilization Fund, ARP Homeless
84.425U	Education Stabilization Fund, ARP ESSER 3
84.425C	Education Stabilization Fund, ARP ESSER 2

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

Auditee qualified as low-risk auditee? Yes X No

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

II. FINANCIAL STATEMENT FINDINGS

A. Internal Control Findings

Material Weakness

Finding 2024-001: Fund General Ledger and Year-end Closing Procedures

Condition: The trial balance, revenue status and budget status reports for the fiscal year June 30, 2024, were not properly reconciled to supporting documentation at year-end. RBT noted numerous significant items missing and/or misclassified and unreconciled accounts that were corrected through audit entries.

Criteria: The District's accounting system is expected to produce appropriate, accurate and timely reports during the year. The District has instituted internal controls such that errors should be detected and corrected on a timely basis. The year-end closing procedures should result in a complete and accurate record that supports the basis financial statements and footnotes in accordance with generally accepted principles along with supporting schedules.

Cause: The District failed to monitor the internal controls over the trial balance, revenue status and budget status reports. The District had turnover in the recent year resulting in a lack of continuity in its accounting practices and did not detect errors in its reporting on a timely basis.

Effect: The District's trial balance, revenue status, and budget status reports were not correct, requiring additional reconciliations and numerous audit entries.

Recommendation: RBT recommends that the District review its closing process and internal controls over reconciliations, monthly board reports, grant and annual reporting and monitoring.

Management's Response: The District agrees with the finding. See attached corrective action plan.

B. Compliance Findings

Finding 2024-002: Unassigned Fund Balance

Condition: The District's unassigned fund balance as of June 30, 2024, was approximately 11.59% of the 2025 budgeted expenditures.

Criteria: Section 1318 of the NYS Real Property Tax Law requires school districts to maintain no more than 4% of the subsequent year's budgeted expenditures in unassigned fund balance in the General Fund.

Cause: The District continuously monitors spending, to reduce costs and eliminate wasteful spending, thereby resulting in a surplus over several years.

Effect: The District was not in compliance with Section 1318 of the NYS Real Property Tax Law.

Recommendation: RBT recommends that the District maintain an unassigned fund balance percentage in accordance with Section 1318 of the NYS Real Property Tax Law.

Management's Response: The District agrees with the finding. See attached corrective action plan.

Finding 2024-003: Capital Projects

Condition: The District has several old capital projects with no activity, but which have a fund balance remaining. Three other of the projects have deficit fund balances.

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

II. FINANCIAL STATEMENT FINDINGS - CONTINUED

B. Compliance Findings - Continued

Criteria: Fund balances must be monitored to ensure that District does not commit resources that are not available.

Cause: Fund Balance of the capital projects were not monitored.

Effect: The Capital Projects Fund is carrying fund balances pertaining to projects which have been completed over the last 10 years.

Recommendation: RBT recommends that these capital projects be reviewed for completion and any residual funds be transferred to the funding source or reserved for the payment of debt as appropriate. Interfund transfers should be recorded to offset the deficit fund balances. The District should review the status of its capital projects, at least annually, as part of its year-end closing process in order to ensure accurate annual reporting and as a check to verify that all planned funding for a particular project was received.

Management's Response: The District agrees with the finding. See attached corrective action plan.

Finding 2024-004: Annual Sexual Harassment Prevention Training

Condition: District employees did not complete annual sexual harassment prevention training.

Criteria: Every employer in New York is required to provide all employees with sexual harassment prevention training pursuant to Section 201-g of the Labor Law, and every employee must complete sexual harassment prevention training annually.

Cause: There are no controls in place to ensure that District employees complete annual sexual harassment prevention training.

Effect: The District was not in compliance with State law.

Recommendation: RBT recommends that the District provide all employees with annual sexual harassment prevention training and obtain certificates of completion for all employees annually.

Management's Response: The District agrees with the finding. See attached corrective action plan.

Finding 2024-005: New York State Education Department Requirements

Condition: The District did not submit its audited financial statements on time.

Criteria: Pursuant to Education Law Section 2216-a, the deadline for the submission of the independent audit to New York State Education Department is October 15th for school districts other than Buffalo, Rochester, Syracuse, Yonkers and New York City.

Cause: The School District was awaiting additional required information necessary for the financial statement completion.

Effect: The School District was not in compliance with OAS requirements.

Recommendation: RBT recommends that the School District comply with the filing requirements imposed by the State Education Department.

Management's Response: The District agrees with the finding. See attached corrective action plan.

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

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.



Hunter-Tannersville Central School District Office of the Superintendent

6094 Main Street, P.O. Box 1018, Tannersville, N.Y. 12485
518-589-5400 www.htcschools.org

November 2024

RESPONSE TO MANAGEMENT LETTER COMMENTS - FISCAL YEAR ENDED JUNE 30, 2024

CURRENT YEAR MEMORANDUM ITEMS

Finding 2024-001: Fund General Ledger and Year-end Closing Procedures

Condition: The trial balance, revenue status and budget status reports for the fiscal year June 30, 2024, were not properly reconciled to supporting documentation at year-end. RBT noted numerous significant items missing and/or misclassified and unreconciled accounts that were corrected through audit entries.

Criteria: The District’s accounting system is expected to produce appropriate, accurate and timely reports during the year. The District has instituted internal controls such that errors should be detected and corrected on a timely basis. The year-end closing procedures should result in a complete and accurate record that supports the basis financial statements and footnotes in accordance with generally accepted principles along with supporting schedules.

Cause: The District failed to monitor the internal controls over the trial balance, revenue status and budget status reports. The District had turnover in the recent year resulting in a lack of continuity in its accounting practices and did not detect errors in its reporting on a timely basis.

Effect: The District’s trial balance, revenue status, and budget status reports were not correct, requiring additional reconciliations and numerous audit entries.

Recommendation: RBT recommends that the District review its closing process and internal controls over reconciliations, monthly board reports, grant and annual reporting and monitoring.

Response: The District is working closely with ONC BOCES to ensure the timely delivery of reports and the accuracy of our closing procedures. However, the turnover in employees at the shared business office has posed some challenges. To address this, we are collaborating with ONC BOCES to routinely monitor all transactions for accuracy. Additionally, we have implemented a schedule for monthly reports to be returned to the district within thirty days, allowing us to promptly rectify any issues that may arise.

Finding 2024-002: Unassigned Fund Balance

Condition: The District’s unassigned fund balance as of June 30, 2024, was approximately 11.59% of the 2025 budgeted expenditures.

Criteria: Section 1318 of the NYS Real Property Tax Law requires school districts to maintain no more than 4% of the subsequent year’s budgeted expenditures in unassigned fund balance in the General Fund.

Cause: The District continuously monitors spending, to reduce costs and eliminate wasteful spending, thereby resulting in a surplus over several years.

Effect: The District was not in compliance with Section 1318 of the NYS Real Property Tax Law.

Recommendation: RBT recommends that the District maintain an unassigned fund balance percentage in accordance with Section 1318 of the NYS Real Property Tax Law.

Building Principals

*Ismael Villafane, Middle/High School
Jana Tyree, Elementary Principal*

Board of Education

*Bobbi Schmitt, President
Sarah Pellizzari, Vice President
Andrea Benjamin-Legg
Courtney Brady
Jessica McBride*

Hunter-Tannersville Central School District

Office of the Superintendent

6094 Main Street, P.O. Box 1018, Tannersville, N.Y. 12485

518-589-5400 www.htcschools.org

Response: The district is working with a financial planner to fund newly drafted Reserve Accounts and to collaborate on fiscally prudent budget development. From 2017 to 2023, the district has actively worked to reduce the percentage of undesignated funds, taking appropriate actions along the way. As a result, the district has developed a comprehensive Reserve Plan and a Long-Term Financial Plan. Each year, the district will continue to reduce the undesignated fund balance in line with these plans.

The goal is to reach a 4% undesignated fund balance, which will take several budget years to achieve. The district will continue to make progress toward this goal, ensuring that reductions are made in a responsible and appropriate manner.

Finding 2024-003: Capital Projects

Condition: The District has several old capital projects with no activity, but which have a fund balance remaining. Three other of the projects have deficit fund balances.

Criteria: Fund balances must be monitored to ensure that District does not commit resources that are not available.

Cause: Fund Balance of the capital projects were not monitored.

Effect: The Capital Projects Fund is carrying fund balances pertaining to projects which have been completed over the last 10 years.

Recommendation: RBT recommends that these capital projects be reviewed for completion and any residual funds be transferred to the funding source or reserved for the payment of debt as appropriate. Interfund transfers should be recorded to offset the deficit fund balances. The District should review the status of its capital projects, at least annually, as part of its year-end closing process in order to ensure accurate annual reporting and as a check to verify that all planned funding for a particular project was received.

Response: The District will work with our fiscal advisor to appropriately transfer the funds to the reserve associated with the funding source and close out all prior projects in our accounting system. We intend to have this plan in place and funds transferred by February 2025.

Finding 2024-004: Annual Sexual Harassment Prevention Training

Condition: District employees did not complete annual sexual harassment prevention training.

Criteria: Every employer in New York is required to provide all employees with sexual harassment prevention training pursuant to Section 201-g of the Labor Law, and every employee must complete sexual harassment prevention training annually.

Cause: There are no controls in place to ensure that District employees complete annual sexual harassment prevention training.

Effect: The District was not in compliance with State law.

Recommendation: RBT recommends that the District provide all employees with annual sexual harassment prevention training and obtain certificates of completion for all employees annually.

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Response: The District provides all employees with time to complete mandatory trainings, including Sexual Harassment Training, on Superintendent Conference Day prior to the start of the school year, and also offers training for employees hired mid-year. Any employee who does not complete the training is notified of their obligation, and their progress is tracked to ensure timely completion. To ensure compliance, the Secretary to the Superintendent has implemented a tracking system to monitor the status of training for every employee and will maintain records of completion.

Finding 2024-005: **New York State Education Department Requirements**

- Condition:** The District did not submit its audited financial statements on time.
- Criteria:** Pursuant to Education Law Section 2216-a, the deadline for the submission of the independent audit to New York State Education Department is October 15th for school districts other than Buffalo, Rochester, Syracuse, Yonkers and New York City.
- Cause:** The School District was awaiting additional required information necessary for the financial statement completion.
- Effect:** The School District was not in compliance with OAS requirements.
- Recommendation:** RBT recommends that the School District comply with the filing requirements imposed by the State Education Department.

Response: The District will continue to work with ONC BOCES on the timely closing of year end reports in order to close the year and address and audit findings prior to the October 15th deadline for submission of the annual audit.

If you have questions on any of the above items or require additional information, please contact the District Office.

Sincerely,



Dr. Vincent Butera

Building Principals
Ismael Villafane, Middle/High School
Jana Tyree, Elementary Principal

Board of Education
Bobbi Schmitt, President
Sarah Pellizzari, Vice President
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Jessica McBride

APPENDIX C
Form of Legal Opinion

June __, 2025

Board of Education of the
Hunter-Tannersville Central School District
Greene County, New York

Re: Hunter-Tannersville Central School District
\$6,850,000 Bond Anticipation Notes, 2025

Dear Board Members:

We have acted as bond counsel to the Hunter-Tannersville Central School District, a school district of the State of New York, situated in Greene County (the "Issuer"), in connection with the issuance of \$6,850,000 Bond Anticipation Notes, 2025, dated June 25, 2025 (the "Notes"). In such capacity, we have examined such law and such proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:

1. The Notes are valid and binding general obligations of the Issuer.
2. All taxable property in the territory of the Issuer is subject to ad valorem taxation, without limitation as to rate or amount to pay the Notes. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent the necessary funds are not provided from other sources.
3. Interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.
4. In our opinion, 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.

Except as expressly stated above, we express no opinion as to any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Notes. Owners of the

Notes should consult their tax advisors as to the applicability of any collateral tax consequences of ownership of the Notes, which may include original issuance discount, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

FORM OF CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the School District has agreed to provide or cause to be provided,

- (i) to the Electronic Municipal Market Access ("EMMA") systems of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross referenced in the final Official Statement dated June 25, 2025 of the School District relating to the Bonds by December 31 following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2024, and (ii) a copy of the audited financial statements if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2024; such audit, if any, will be so provided on or prior to the later of either December 31 of each such succeeding fiscal year or, if an audited financial statement at that time, within sixty days following receipt by the School District of its audited financial statement for the preceding fiscal year, but in any event not later than June 30 of each succeeding fiscal year: and provided further in the event that the audited financial statement for any fiscal year is not available by December 31 following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon the determination by the School District whether providing such unaudited financial statements complies with the requirements of federal Securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a) (2) of Securities Act of 1933
- (ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults, if material
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties
 - (e) substitution of credit or liquidity providers, or their failure to perform
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bond, or other material events affecting the tax status of the Bond
 - (g) modifications to rights of Bondholders, if material
 - (h) Bond calls, if material and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the Bonds
 - (k) rating changes
 - (l) bankruptcy, insolvency, receivership or similar event of the School District

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

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(o) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material: and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the School District, any of which reflect financial difficulties.

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

The School District shall give notice in a timely manner to EMMA, or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the annual financial information and operating data and such audited financial statement as required pursuant to this Disclosure Certificate, if any, on or before the date specified.

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

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

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at Closing.