

OFFICIAL STATEMENT DATED MAY 28, 2025

SERIAL BONDS

RATING: SEE "RATING" SECTION HEREIN
S&P Insured Rating "AA" (Stable Outlook)
S&P Underlying Rating "A+" (Stable Outlook)

In the opinion of Bond Counsel, under the existing statutes, regulations and court decisions, interest on the Bonds is excludable from gross income for Federal income tax purposes, and, under the existing statutes, interest on the Bonds is exempt from New York State and New York City personal income taxes.

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

WORCESTER CENTRAL SCHOOL DISTRICT
OTSEGO COUNTY, NEW YORK

\$5,977,501
SCHOOL DISTRICT SERIAL BONDS, 2025
(the "Bonds")

Dated Date: June 12, 2025

Maturity Dates: June 15, 2026-2040

MATURITIES
CUSIP BASE #981326

Table with 20 columns: Year, Amount, Rate, Yield, CSP, Year, Amount, Rate, Yield, CSP, Year, Amount, Rate, Yield, CSP, Year, Amount, Rate, Yield, CSP. Rows include years 2026 through 2039 with corresponding financial data.

** The Bonds maturing in the years 2034-2040 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS - Optional Redemption for the Bonds" herein. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC.



*** CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Bonds. The District is not responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Bonds or as indicated above.

The Bonds are general obligations of the Worcester Central School District, Otsego County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount, subject to applicable statutory limitations. See "Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein..

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 each or integral multiples thereof except for an odd denomination in 2026.

The Bonds are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the legal opinion as to the validity of the Bonds of Timothy R. McGill, Esq., of Fairport, New York, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery in Jersey City, New Jersey (through the facilities of DTC) or at such other place as may be agreed with the purchaser(s) on or about June 12, 2025.

FIDELITY CAPITAL MARKETS

THIS REVISED OFFICIAL STATEMENT SUPPLEMENTS THE OFFICIAL STATEMENT OF THE SCHOOL DISTRICT DATED MAY 16, 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, THE "RATINGS" AND "MISCELLANEOUS" SECTION AND THE DATED DATE ON PAGE 41, THERE HAVE BEEN NO MATERIAL REVISIONS TO SAID OFFICIAL STATEMENT.

DATED: MAY 28, 2025

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE" and "Appendix F - Specimen Municipal Bond Insurance Policy".

**WORCESTER CENTRAL SCHOOL DISTRICT
OTSEGO COUNTY, NEW YORK**

School District Officials

2024-25 BOARD OF EDUCATION

William Fisher, II - President
Stacey Serdy - Vice President

James Conroe
Travis Hunt
Tanya Shalor

.....

Timothy Gonzales – Superintendent of Schools
Peter Iorizzo – Business Administrator
Gary Pochkar – School District Treasurer
Wendy Elliott – District Clerk

.....

School District Attorney

Ferrara Fiorenza PC

BOND COUNSEL

Timothy R. McGill, Esq.

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:

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OFFICIAL STATEMENT
WORCESTER CENTRAL SCHOOL DISTRICT
OTSEGO COUNTY, NEW YORK

Relating To
\$5,977,501
SCHOOL DISTRICT SERIAL BONDS, 2025
(the “Bonds”)

This Official Statement, which includes the cover page, has been prepared by the Worcester Central School District, Otsego County, New York (the “District” or “School District”, “County” and “State,” respectively) in connection with the sale by the District of its \$5,977,501 School District Serial Bonds, 2025 (the “Bonds”).

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

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

DESCRIPTION OF THE BONDS

The Bonds 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 Bonds as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount.

The Bonds will be dated June 12, 2025 and mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading “Optional Redemption” hereunder. The “Record Date” of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issues as registered bonds and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and Interest will be paid by the District to the Securities Depository, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds bear interest from June 20, 2025, with interest thereon payable on December 15, 2025, June 15, 2026 and semi-annually thereafter on December 15 and June 15.

Optional Redemption for the Bonds

The Bonds maturing on or before June 15, 2033 will not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2034 will be subject to redemption prior to maturity as a whole or in part (selected at random if less than

all of a maturity is to be redeemed) at the option of the District on June 15, 2033 or any date thereafter at par (100%), plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the District at random (by lot or in any other customary manner of selection as determined by the President of the Board of Education). Notice of such call for redemption shall be given by mailing such notice to the registered owners of the Bonds not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Purpose and Authorization for the Bonds

The Bonds are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, the Local Finance Law, and pursuant to a Bond Resolution dated February 15, 2023 authorizing the issuance of up to \$5,977,501 in Bond Anticipation Notes or Bonds for the financing of certain capital improvements consisting of construction and reconstruction of school buildings and facilities.

Proceeds of the Bonds in the amount of \$5,977,501 will be used to redeem and retire an outstanding bond anticipation note in the amount of \$5,977,501 of the District that was issued on August 29, 2024.

Certificated Bonds

In the event the book-entry-only system is discontinued the following provisions will apply: The Bonds will be issued registered form in denominations of \$5,000 each or integral multiples thereof for any single maturity except for an odd denomination in 2026. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District upon termination of the book-entry-only system. Interest on the Bonds will remain payable on December 15, 2025, June 15, 2026 and semi-annually thereafter on December 15 and June 15, in each year to maturity. Interest on the Bonds will be payable by check or draft mailed by the fiscal agent to the registered owners of the Bonds, as shown on the registration books of the District maintained by the fiscal agent as of the close of business on the Record Date, being the last day of business day of the calendar month preceding each interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner for Bonds of the same maturity or any other authorized denomination or denominations in the same aggregate principal amount in the manner described on the Bonds and as referenced in certain proceedings of the District referred to therein.

Nature of the Obligation

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

Holders of any series of 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 bonds.

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

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

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

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

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

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

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a

political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities 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.

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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bond is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the

Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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.

Principal and interest payments on the Bonds 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 or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond 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, bond 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 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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 BONDS; (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 BONDS.

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.

THE SCHOOL DISTRICT

General Information

The Worcester Central School District is a rural central school district located in the picturesque Leatherstocking region of New York State. The School District is located in the Towns of Decatur, Maryland, Westford and Worcester in Otsego County and the Town of Harpersfield in Delaware County. The School District consists of one building with an enrollment of approximately 340 students in grades Pre-K-12. The School District covers 64 square miles and has ten regular bus runs.

The School District is served by Interstate 88, which passes through the central part of the Town of Worcester, following the same course as New York State Route 7.

Water services are provided by municipal systems and sewer services are provided by private septic systems. Fire protection and ambulance services are provided by various volunteer organizations. Electricity is provided by National Grid and telephone service by Verizon New York Inc. Police protection is provided by the County Sheriff's Departments and the New York State Police.

School District residents find commercial and financial services in nearby Oneonta.

District Population

The 2023 population of the School District is estimated to be 2,419. (Source: 2023 U.S. Census Bureau estimate)

Economic Developments

Citizens Bank has closed its Worcester branch.

Stewart's Shop has built an expanded store at its previous location

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns						
Of:						
Decatur	\$22,154	\$23,258	\$37,916	\$41,071	\$48,750	\$68,750
Maryland	22,248	21,314	33,252	49,967	55,903	76,429
Westford	25,496	25,573	34,888	59,688	54,091	81,625
Worcester	19,573	24,562	30,700	50,639	46,218	99,107
Harpersfield	21,844	24,323	30,520	57,917	55,833	51,786
County Of:						
Otsego	22,902	24,989	36,506	56,797	62,717	84,415
Delaware	22,928	24,753	35,996	53,590	58,699	76,474
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>
Worcester Central School District	PK-12	1932	400	2020

Source: District Official

District Employees

The School District employs 70 full-time employees and 12 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>
Worcester Teachers' Association	40	6/30/2025*
Worcester Central School District Non-Teaching Personnel	32	6/30/2025*
Employees that are not part of a bargaining unit.	10	N/A

*Currently under negotiations.

Source: District Officials

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2020-21	334	2025-26	310
2021-22	340	2026-27	310
2022-23	353	2027-28	310
2023-24	340	2028-29	305
2024-25	328	2029-30	305

Source: District Officials

Employee Pension Benefits

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

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

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.

- Requiring ERS employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2024-25 fiscal years and the proposed budgeted figures for the 2025-26 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$ 141,603	\$ 278,324
2020-2021	136,920	254,176
2021-2022	107,229	271,970
2022-2023	114,900	288,265
2023-2024	144,550	317,887
2024-2025 (Budgeted)	192,007	342,567
2025-2026 (Proposed)	200,589	340,065

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

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

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

increased substantially to 15% to 20% of payroll for the employees’ and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2019-20 to 2024-25) is shown below:

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

*Estimated.

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

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

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

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

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

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

percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the District has opened a TRS fund. As of June 30, 2024, the balance in the TRS Reserve fund is \$256,171.

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

Other Post-Employment Benefits

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

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

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

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

Based on the most recent actuarial valuation dated June 30, 2024, and financial data as of June 30, 2024, the School District's beginning year total OPEB liability was \$16,075,308, the net change for the year was (\$2,340,119) resulting in a total OPEB liability of \$13,735,189 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, 2023, 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>
Worcester Central School District	Education	82
Town of Worcester	Public Service	40
Stewart's Shop	Food/Gasoline	12
Dollar General	Variety Store	8

Source: District Officials

Unemployment Rate Statistics

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

<u>Year</u>	<u>Otsego County Unemployment Rate</u>	<u>Delaware County Unemployment Rate</u>	<u>New York State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2020	7.2%	7.2%	10.0%	8.1%
2021	4.4%	4.6%	6.9%	5.3%
2022	3.5%	3.7%	4.3%	3.6%
2023	3.8%	4.1%	4.2%	3.7%
2024	4.1%	4.0%	4.3%	4.0%

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

2024-2025 Monthly Figures

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Delaware County	3.7%	3.5%	3.8%	4.3%	4.0%	3.1%	3.1%	3.4%	3.9%	4.9%	5.2%	4.6%
Otsego County	3.7%	3.6%	4.0%	4.4%	4.2%	3.2%	3.2%	3.6%	4.1%	5.3%	5.4%	4.8%
New York State	3.9%	4.0%	4.3%	4.8%	4.8%	4.0%	4.2%	4.2%	4.2%	4.6%	4.3%	4.1%

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

Investment Policy

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

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

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"). Each year an election is held within the School District to elect one or more members to the Board. The Board consists of five members with overlapping three-year terms. Therefore, as nearly as practicable, an equal number of members is elected to the Board each year.

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

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

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 by a vote of 103 to 37. 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 by a vote of 134 to 48. 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 by a vote of 128 to 64. The School District's 2024-25 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 66.20% adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

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

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

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

Federal Aid Received by the State –

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

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

State Aid History

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

The State 2021-22 Budget included \$29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget includes the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which includes, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a

result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are to be reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments are to receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and will receive a full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts where applicable.

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

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

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

School district fiscal year (2025–2026): On January 21, 2025, Governor Hochul released her 2025 - 2026 Executive Budget. The Executive Budget provides for a total of \$37.4 billion in school aid, with \$26.4 billion being in foundation aid (a 5.9% increase from last year), \$3.3 billion in building aid, \$2.7 billion in transportation aid, and \$1.2 billion in prekindergarten aid (the total of building aid, transportation aid, and prekindergarten aid accounting for an aggregate increase of 2.2% since last year). A final budget is scheduled to be approved by April 1, 2025 (the start of New York State's fiscal year). Foundation aid is New York State's main education operating aid formula. It is focused on allocating New York State funds equitably to all school districts, especially high need districts, based on student need, community wealth, and regional cost differences. As stated above, the Executive Budget provides a 5.9% increase (amounting to a \$1.4 billion total increase since last year) in Foundation Aid for the 2025 school year. Foundation aid is intended mainly to support districts' instructional costs. It is the largest aid type within the school aid budget categories. Building aid is considered an expense-based type of aid. The Executive Budget allocates \$3.3 billion in building aid for the 2025 school year.

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

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

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

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

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	\$ 10,666,621	\$ 6,941,713	65.08%
2020-2021	10,902,390	6,971,924	63.95
2021-2022	11,123,071	7,231,004	65.01
2022-2023	11,374,648	7,395,781	65.02
2023-2024	14,374,240	7,768,976	54.05
2024-2025 (Budgeted)	11,635,840	7,575,831	65.11
2025-2026 (Proposed)	12,357,856	8,319,874	67.32

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

Fiscal Stress Monitoring

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

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

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

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

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the Worcester Central School District on September 2, 2022. The purpose of this audit was to examine District officials' management of fund balance for the period July 1, 2016 through June 22, 2022.

Key Findings

The Board and District officials did not effectively manage the District's fund balance.

- The Board annually overestimated appropriations from 2016-17 through 2020-21 by an average of \$943,000, or 8 percent.
- District officials budgeted for operating deficits totaling \$4.7 million from 2016-17 through 2020-21, but experienced net operating surpluses totaling \$1.2 million, an operational shift of \$5.9 million.
- The District's surplus fund balance exceeded the 4 percent statutory limit in each of the last five fiscal years by \$490,000 to \$1.8 million, or 4.3 to 15.7 percentage points.
- Real property tax levies were higher than necessary, in part, because surplus fund balance in excess of the statutory limit was maintained.

Key Recommendations

- Use reasonable estimates when developing the budget.
- Comply with the statutory fund balance limit.

District officials generally agreed with the findings and recommendations and indicated they will take corrective action.

A copy of the complete report and the District's response can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website:

<https://www.osc.state.ny.us/files/local-government/audits/2022/pdf/worcester-2022-75.pdf>

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

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

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Bonds 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:					
Decatur	\$ 17,416,999	\$ 17,301,271	\$ 17,076,635	\$ 17,090,988	\$ 17,160,438
Maryland	568,965	566,143	566,143	566,134	566,206
Westford	7,623,023	7,659,841	7,484,503	7,569,575	7,464,894
Worcester	79,797,922	80,033,883	79,113,712	78,487,211	79,069,398
Harpersfield	<u>37,486</u>	<u>37,486</u>	<u>37,486</u>	<u>37,486</u>	<u>37,986</u>
Total	<u>\$ 105,444,395</u>	<u>\$ 105,598,624</u>	<u>\$ 104,278,479</u>	<u>\$ 103,751,394</u>	<u>\$ 104,298,922</u>
Equalization Rates:					
Decatur	52.00%	50.00%	43.00%	40.30%	38.00%
Maryland	100.00%	100.00%	97.00%	84.00%	78.00%
Westford	100.00%	98.00%	87.00%	78.00%	75.00%
Worcester	59.60%	57.00%	51.00%	46.00%	43.60%
Harpersfield	27.50%	26.90%	24.00%	17.75%	16.80%
Full Valuations:					
Decatur	\$ 33,494,229	\$ 34,602,542	\$ 39,713,105	\$ 42,409,400	\$ 45,159,047
Maryland	568,965	566,143	583,653	673,969	725,905
Westford	7,623,023	7,816,164	8,602,877	9,704,583	9,953,192
Worcester	133,889,131	140,410,321	155,124,925	170,624,372	181,351,830
Harpersfield	<u>136,313</u>	<u>139,353</u>	<u>156,192</u>	<u>211,189</u>	<u>226,107</u>
Total	<u>\$ 175,711,660</u>	<u>\$ 183,534,523</u>	<u>\$ 204,180,751</u>	<u>\$ 223,623,512</u>	<u>\$ 237,416,082</u>

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>
Decatur	\$ 39.18	\$ 39.31	\$40.94	\$40.76	\$36.02
Maryland	19.82	19.34	18.15	19.55	17.55
Westford	20.57	20.48	20.23	21.06	18.25
Worcester	34.04	34.60	34.52	35.71	31.40
Harpersfield	72.06	71.91	73.35	92.54	81.48

Tax Collection Procedure

School taxes are due September 1. If paid/postmarked by September 30, no penalty is imposed. There is a 2% penalty if paid/postmarked by the end of October. On November 9, a list of all unpaid taxes is given to the Counties for re-levy on County/Town tax rolls, with an additional 7% penalty. The School District is reimbursed by the Counties for all unpaid taxes the first week of April in each year and is thus assured of 100% collection of its annual levy.

Tax Collection Record

Fiscal Year Ended June 30, 2025:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
General Fund Tax Levy	\$3,481,809	\$3,550,400	\$3,594,177	\$3,673,033	\$3,793,288
Library Levy	32,500	32,500	32,500	32,500	32,500
Less STAR Reimbursement	450,349	438,571	413,419	364,117	334,651
Adjustments	3,111	2,201	8,309	1,137	-
Total Taxes to be Collected	3,060,849	3,142,128	3,204,949	3,340,279	3,491,137
Taxes Collected Prior to Return to County	2,674,998	2,726,939	2,801,355	2,897,135	3,055,150
Returned to County	\$385,851	\$415,189	\$403,595	\$443,144	\$435,987
% Collected Prior to Return	87.39%	86.79%	87.41%	86.73%	87.51%

Note: * Collection information is as of 11/22/24.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2019-2020	\$ 10,666,621	\$ 3,405,548	31.93%
2020-2021	10,902,390	3,487,147	31.99
2021-2022	11,123,071	3,109,610	27.96
2022-2023	11,374,648	3,172,211	27.89
2023-2024	14,374,240	3,307,779	23.01
2024-2025 (Budgeted)	11,635,840	3,307,779	28.43
2025-2026 (Proposed)	12,357,856	3,886,982	31.45

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

Major Taxpayers 2024

For 2024-25 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Value</u>
National Grid/Niagara Mohawk	Power/Electric Company	\$3,376,878
Norfolk Southern Railway	Railroad	2,573,235
State of New York	State Land	952,965
Putnam, Robert	Residential	689,000
Regenauer, Andreas	Horse Farm	517,146
Kersmanc, Richard T	Agriculture	514,000
Broad Acres	Trailer Park	504,804
Dollar General	Retail Discount Store	458,250
Verizon	Phone/Communications	349,242
East Worcester Fish & Game	Recreation	283,100
Total		<hr/> \$10,218,620

1. The above taxpayers represent 9.80% of the School District's 2024-25 Assessed value of \$104,298,922

General Fund Operations

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

STAR – School Tax Exemption

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

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

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

REAL PROPERTY TAX REBATE

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

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

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

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

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

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,

(3) Such obligations are authorized in violation of the provisions of the Constitution.

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Serial Bonds	<u>\$18,005,000</u>	<u>\$16,315,000</u>	<u>\$14,605,000</u>	<u>\$12,750,000</u>	<u>\$10,850,000</u>
Total Debt Outstanding	\$18,005,000	\$16,315,000	\$14,605,000	\$12,750,000	\$10,850,000

Status of Outstanding Bond Issues

Year of Issue:	2015		2016	
Amount Issued:	\$1,250,000		\$16,405,000	
Purpose/Instrument:	Construction/Serial Bond		Advance Refunding/DASNY RSB	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 95,000	\$ 14,100	\$ 1,695,000	\$ 393,356
2026	100,000	11,250	1,770,000	308,606
2027	100,000	8,250	905,000	255,406
2028	100,000	5,250	945,000	210,156
2029	55,000	2,125	990,000	162,906
2030	10,000	338	1,045,000	113,406
2031	-	-	550,000	61,156
2032	-	-	100,000	33,656
2033	-	-	105,000	28,656
2034	-	-	110,000	23,406
2035	-	-	115,000	18,906
2036	-	-	115,000	15,456
2037	-	-	120,000	11,863
2038	-	-	120,000	7,963
2039	-	-	<u>125,000</u>	<u>4,063</u>
Totals:	\$ 460,000	\$ 41,313	\$ 8,810,000	\$ 1,648,961

Year of Issue:	2020		2021	
Amount Issued:	\$2,070,000		\$176,000	
Purpose/Instrument:	Construction/Serial Bond		Buses/Serial Bond	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 140,000	\$ 31,000	\$ 30,000	\$ 450
2026	125,000	28,200	-	-
2027	130,000	25,700	-	-
2028	130,000	23,100	-	-
2029	135,000	20,500	-	-
2030	140,000	17,800	-	-
2031	145,000	15,000	-	-
2032	145,000	12,100	-	-
2033	150,000	9,200	-	-
2034	155,000	6,200	-	-
2035	<u>155,000</u>	<u>3,100</u>	<u>-</u>	<u>-</u>
Totals:	\$ 1,550,000	\$ 191,900	\$ 30,000	\$ 450

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>%Paid</u>
2025	\$ 1,960,000	\$ 438,906	\$ 2,398,906	18.84%
2026	1,995,000	348,056	2,343,056	37.24%
2027	1,135,000	289,356	1,424,356	48.43%
2028	1,175,000	238,506	1,413,506	59.53%
2029	1,180,000	185,531	1,365,531	70.26%
2030	1,195,000	131,544	1,326,544	80.67%
2031	695,000	76,156	771,156	86.73%
2032	245,000	45,756	290,756	89.01%
2033	255,000	37,856	292,856	91.31%
2034	265,000	29,606	294,606	93.63%
2035	270,000	22,006	292,006	95.92%
2036	115,000	15,456	130,456	96.95%
2037	120,000	11,863	131,863	97.98%
2038	120,000	7,963	127,963	98.99%
2039	<u>125,000</u>	<u>4,063</u>	<u>129,063</u>	100.00%
Totals:	\$ 10,850,000	\$ 1,882,624	\$ 12,732,624	

Schedule of Principal Payments-Outstanding and Proposed Bonds

Fiscal Year Ending June 30:	<u>Prior Issues</u>	<u>This issue</u>	<u>Total Maturing Principal</u>	<u>Year-End Outstanding Principal</u>
2025	\$ 1,960,000	\$ -	\$ 1,960,000	\$ 14,867,501
2026	1,995,000	257,501	2,252,501	12,615,000
2027	1,135,000	295,000	1,430,000	11,185,000
2028	1,175,000	305,000	1,480,000	9,705,000
2029	1,180,000	320,000	1,500,000	8,205,000
2030	1,195,000	335,000	1,530,000	6,675,000
2031	695,000	355,000	1,050,000	5,625,000
2032	245,000	370,000	615,000	5,010,000
2033	255,000	395,000	650,000	4,360,000
2034	265,000	410,000	675,000	3,685,000
2035	270,000	430,000	700,000	2,985,000
2036	115,000	455,000	570,000	2,415,000
2037	120,000	475,000	595,000	1,820,000
2038	120,000	500,000	620,000	1,200,000
2039	125,000	525,000	650,000	550,000
2040	-	550,000	550,000	-
Totals:	\$ 10,850,000	\$ 5,977,501	\$ 16,827,501	

Status of Short-Term Indebtedness

<u>Type</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
BAN	8/29/2024	6/26/2025	4.12%	\$5,977,501

*To be paid with the proceeds of this issue.

Cash Flow Borrowings

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

Capital Project Plans

On December 14, 2022, the Worcester Central School District community voted on a \$6,977,501 capital improvement project. The vote passed 82 yes to 42 no. The capital project will directly benefit much needed repairs and improvements on both the district's main building and the bus garage. On August 29, 2024, the District issued a \$5,977,501 Bond Anticipation Note. The proceeds of this Bond will be used to redeem and retire the \$5,977,501 Bond Anticipation Note coming due June 26, 2025.

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 81.1%

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

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

Debt Statement Summary

As of May 19, 2025

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization</u> <u>Rate</u>	<u>Taxable Full Valuation</u>
Decatur	\$ 17,160,438	38.00%	\$ 45,159,047
Maryland	566,206	78.00%	725,905
Westford	7,464,894	75.00%	9,953,192
Worcester	79,069,398	43.60%	181,351,830
Harpersfield	37,986	16.80%	226,107
Total:			<u>\$ 237,416,082</u>
Debt Limit: 10% of Full Valuation			<u>\$ 23,741,608</u>
Inclusions:			
Serial Bonds			\$ 10,850,000
Bond Anticipation Notes			5,977,501
Total Inclusions:			<u>\$ 16,827,501</u>
Exclusions:			
Building Aid Estimate			<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 16,827,501
New Money			<u>-</u>
Total Net Indebtedness After Giving Effect to This Issue:			<u>\$ 16,827,501</u>
Net Debt Contracting Margin			\$ 6,914,107
Percentage of Debt-Contracting Power Exhausted			70.88%

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>
Otsego County	\$ 237,189,975 \$ 5,369,223,237	4.42%	\$ -	N/A	\$ -	\$ -
Delaware County	\$ 226,107 \$ 6,923,758,112	0.00%	\$ 3,820,000	N/A	\$ 3,820,000	\$ 124.75
Town of Decatur	\$ 45,159,047 \$ 45,159,047	100.00%	\$ -	² N/A	\$ -	\$ -
Town of Maryland	\$ 725,905 \$ 146,126,187	0.50%	\$ 77,199	N/A	\$ 77,199	\$ 383
Town of Westford	\$ 9,953,192 \$ 85,641,548	11.62%	\$ -	N/A	\$ -	\$ -
Town of Worcester	\$ 181,351,830 \$ 181,351,830	100.00%	\$ 1,760,000	N/A	\$ 1,760,000	\$ 1,760,000
Town of Harpersfield	\$ 226,107 \$ 179,821,925	0.13%	\$ 78,250	N/A	\$ 78,250	\$ 98
Total						<u>\$ 1,760,607</u>

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

Notes: 1 Bonds and Bond Anticipation notes as of 2023 fiscal year. Not adjusted to include subsequent bond and note sales.

2 Bonds and Bond Anticipation Notes as of 2020 fiscal year. The Town has not filed since 2020.

N/A Information not available from source document.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 19, 2025:

	Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness	\$ 16,827,501	\$ 6,956.39	7.088%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 18,588,108	\$ 7,684.21	7.829%

(a) The District's estimated population is 2,419. (Source: 2023 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2024-25 is \$237,416,082

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 Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the 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 Bonds. 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 37 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 Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

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

The financial and economic condition of the District as well as the market for the Bonds 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 Bonds. 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 Bonds, could be adversely affected.

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

Cyber Security

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

TAX EXEMPTION

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

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

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

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

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

LEGAL MATTERS

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

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

LITIGATION

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

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (S&P) is expected to assign its bond insured rating of "AA" (Stable Outlook) to the Bonds, based upon the issuance and delivery by Assured Guaranty ("AG") of its standard form of Municipal Bond Insurance Policy at the time of delivery.

The significance of the AG policy as well as its terms and conditions can be obtained from AG. See "Appendix E – Bond Insurance and Specimen Municipal Bond Insurance Policy" herein.

S&P Global Ratings has assigned an underlying rating of "A+" to the District in connection to this issuance.

No application will be made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from S&P Global Ratings.

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

CONTINUING DISCLOSURE COMPLIANCE

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

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

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

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

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

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE" and "Appendix E - Specimen Municipal Bond Insurance Policy".

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

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

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

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

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

The School District's contact information is as follows: Gary Pochkar, Treasurer, phone: (607) 397-8785; email: gpochkar@worcestercs.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 (585) 747-8111 or at www.RGTimbsInc.net.

Worcester Central School District

Dated: May 28, 2025
Worcester, New York

William Fisher II
President of the Board of Education
and Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	Budget					
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Beginning Fund Balance - July 1	\$2,788,881	\$3,213,762	\$4,093,940	\$5,069,244	\$5,998,328	\$6,043,341 ^E
<u>Revenues:</u>						
Real Property Taxes	\$3,405,548	\$3,026,559	\$3,109,610	\$3,172,211	\$3,307,779	\$3,793,288
Other Tax Items	0	460,588	449,320	424,192	376,460	11,000
Charges for Services	47,205	18,476	8,935	13,068	0	0
Use of Money & Property	539	576	836	34,294	111,340	30,000
Sale of Property/Comp. for Loss	0	1,250	0	0	72,757	0
Miscellaneous	271,616	270,922	239,388	308,002	165,262	90,000
State Aid	6,941,713	6,971,924	7,231,004	7,395,781	7,575,831	7,723,830
Federal Aid	0	152,095	83,978	27,100	26,411	20,000
Interfund Transfer	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$10,666,621	\$10,902,390	\$11,123,071	\$11,374,648	\$11,635,840	\$11,668,118
<u>Expenditures:</u>						
General Support	\$1,129,549	\$1,169,074	\$1,133,532	\$1,282,685	\$1,273,563	\$1,775,671
Instruction	4,311,400	3,847,539	3,968,477	4,079,542	4,138,726	4,894,673
Transportation	414,129	380,363	450,846	561,402	572,670	791,063
Other	0	0	0	0	0	0
Employee Benefits	1,886,048	1,960,498	1,922,153	1,982,027	2,094,792	2,572,445
Debt Service	2,435,815	2,549,760	2,550,985	2,451,572	2,425,909	2,667,895
Interfund Transfer	<u>64,799</u>	<u>114,978</u>	<u>121,774</u>	<u>88,336</u>	<u>1,085,167</u>	<u>84,000</u>
Total Expenditures	\$10,241,740	\$10,022,212	\$10,147,767	\$10,445,564	\$11,590,827	\$12,785,747
Adjustments	0	0	0	0	0	0
Year End Fund Balance	\$3,213,762	\$4,093,940	\$5,069,244	\$5,998,328	\$6,043,341	\$4,925,712 ^E
Excess (Deficit) Revenues Over Expenditures	\$424,881	\$880,178	\$975,304	\$929,084	\$45,013	(\$1,117,629) ¹

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

Note: 1. Appropriated Fund Balance and reserves are planned to be used

E. Estimated

General Fund – Budget Summary

2025-26 Proposed Budget

Revenues:	
Real Property Taxes & STAR	\$3,886,982
Other Tax Items	11,000
Charges for Services	0
Use of Money & Property	30,000
Sale of Property	0
Miscellaneous	90,000
State Aid	8,319,874
Federal Aid	20,000
Interfund Transfers	<u>0</u>
Total Revenues	\$12,357,856
Expenditures:	
General Support	\$1,148,950
Instruction	5,150,602
Transportation	859,981
Community Service	0
Employee Benefits	2,284,891
Debt Service	2,899,432
Interfund Transfers	<u>14,000</u>
Total Expenditures	\$12,357,856

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

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets:					
Unrestricted Cash	\$1,635,108	\$2,031,586	\$1,485,186	\$1,886,575	\$364,063
Restricted Cash	743,384	1,043,549	2,093,764	3,162,886	4,072,680
Accounts Receivables	16,238	16,283	12,021	16,372	25,656
Due from Other Funds	795,363	914,438	1,048,905	930,517	1,647,404
State and Federal Aid Receivable	117,976	256,049	589,885	203,445	147,503
Due from Other Governments	<u>209,182</u>	<u>255,810</u>	<u>249,018</u>	<u>235,004</u>	<u>239,861</u>
Total Assets	<u>\$3,517,251</u>	<u>\$4,517,715</u>	<u>\$5,478,779</u>	<u>\$6,434,799</u>	<u>\$6,497,167</u>
Liabilities:					
Accounts Payable	\$20,120	\$15,951	\$14,936	\$11,855	\$14,878
Accrued Liabilities	3,914	7,660	13,643	15,532	9,338
Due to Other Funds	19,695	89,494	60,477	52,421	71,995
Due to Other Governments	259,602	0	0	0	0
Due Retirement System	30	310,541	320,146	356,065	356,786
Unearned Revenues	129	129	0	0	0
Other Liabilities	<u>0</u>	<u>0</u>	<u>333</u>	<u>598</u>	<u>829</u>
Total Liabilities:	<u>\$303,490</u>	<u>\$423,775</u>	<u>\$409,535</u>	<u>\$436,471</u>	<u>\$453,826</u>
Fund Balances:					
Restricted	\$743,384	\$1,043,549	\$2,093,764	\$3,162,886	\$4,072,680
Assigned	945,000	750,000	685,000	675,000	847,629
Unassigned	<u>1,525,378</u>	<u>2,300,391</u>	<u>2,290,480</u>	<u>2,160,442</u>	<u>1,123,032</u>
Total Fund Balance	<u>\$3,213,762</u>	<u>\$4,093,940</u>	<u>\$5,069,244</u>	<u>\$5,998,328</u>	<u>\$6,043,341</u>
Total Liabilities and Fund Balance	<u>\$3,517,252</u>	<u>\$4,517,715</u>	<u>\$5,478,779</u>	<u>\$6,434,799</u>	<u>\$6,497,167</u>

Source:

Audited Financial Reports. This table is NOT audited.

APPENDIX B

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

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

WORCESTER
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2024

WORCESTER CENTRAL SCHOOL DISTRICT

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Certified Public Accountants

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Claverack, New York 12513

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Worcester Central School District:

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

Opinions

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the Worcester Central School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Worcester Central School District's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 aggregate, they would influence the judgment made by a reasonable user based on the basic 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 basic 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 basic 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 Worcester Central School District's internal control. Accordingly, no such opinion is expressed.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Worcester Central School District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M9 and 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Worcester Central School District's basic financial statements as a whole. The other supplementary information comprises the additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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 September 20, 2024, on our consideration of the Worcester Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is 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 Worcester Central School District's internal control over financial reporting and compliance.

Raymond G. Preusser, CPA, P.C.

Claverack, New York
September 20, 2024

WORCESTER CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2024

INTRODUCTION

The Worcester Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- Net position of the District was (\$9,139,703) in the district-wide financials statements which is \$1,726,510 better than the previous year.

- As of the close of this fiscal year, the District's governmental funds reported combined fund balances of \$7,020,070 an increase of \$1,051,840 in comparison with the prior year.

- The District appropriated \$847,629 of the fund balance for subsequent year's expenditures. The District also maintained capital reserves for construction and buses, and reserves for tax certiorari, property loss, liability, unemployment insurance, employee benefits, insurance and retirement contributions for employees and teachers.

- On the appropriations side, the District continued to offer all education programs and student services without reductions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management’s Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements are comprised of three components:

1. Districtwide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

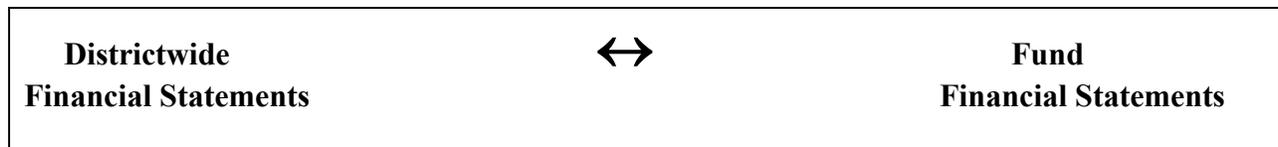
In addition to these statements, this report also includes required supplemental information and other supplemental information.

Our auditor has provided assurance in the independent auditor’s report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the independent auditor’s report carefully to ascertain the level of assurance being provided for each part in the financial statements.

Financial Statements

Required Supplemental Information (Part A)
Management’s Discussion & Analysis (MD&A)

Basic Financial Statements



Notes to the Basic Financial Statements

Required Supplemental Information (Part B)

General Fund Budget to Actual Schedule

Changes in the Total OPEB Liability

District’s Proportionate Share of the Net Pension Asset/Liability

District Contributions

Supplemental Information

General Fund Budget & Fund Balance Information

Capital Project Funds Schedule of Project Expenditures

Schedule of Net Investment in Capital Assets

DISTRICTWIDE 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 and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the districtwide financial statements as *governmental activities*, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

DISTRICTWIDE FINANCIAL ANALYSIS

Worcester Central School District's Net Position June 30, 2024 and 2023

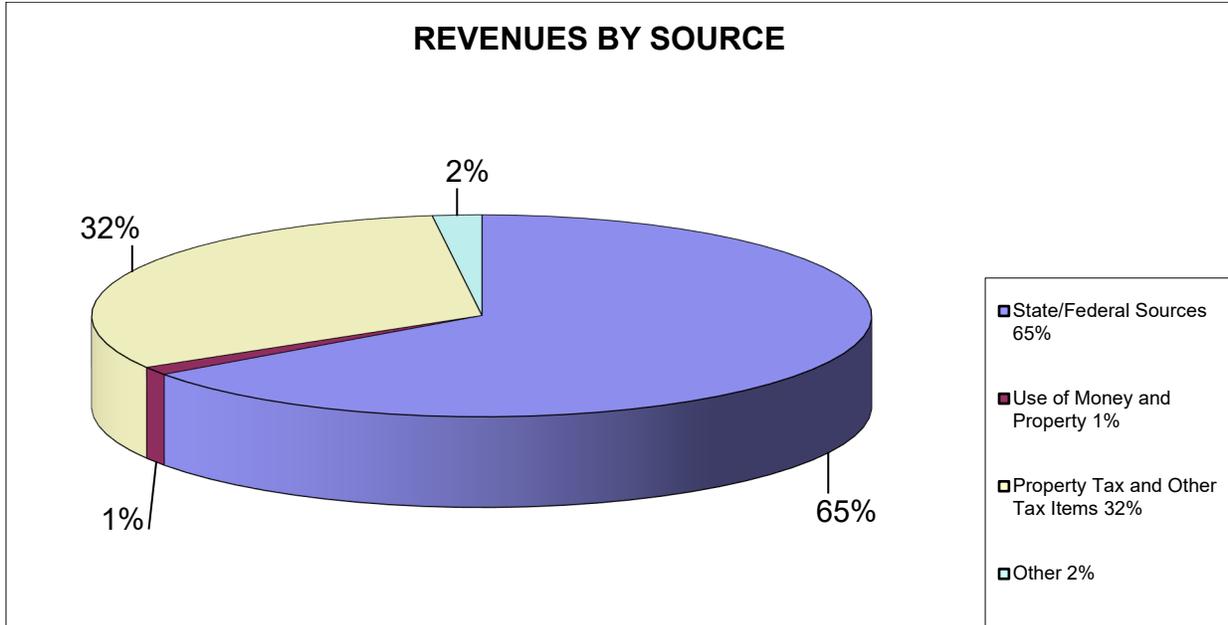
	Governmental Activities		Variance Increase (Decrease)
	2024	2023	
Current Assets	\$ 7,420,904	\$ 6,837,917	\$ 582,987
Capital Assets	16,791,446	17,710,662	(919,216)
Net Pension Asset	-	-	-
Total Assets	<u>24,212,350</u>	<u>24,548,579</u>	<u>(336,229)</u>
Deferred Outflows of Resources	4,521,162	5,938,113	(1,416,951)
Total Assets and Outflows of Resources	<u>28,733,512</u>	<u>30,486,692</u>	<u>(1,753,180)</u>
Current Liabilities	2,379,120	2,791,598	(412,478)
Long-Term Obligations	9,096,878	11,011,333	(1,914,455)
OPEB Obligations	13,735,189	16,075,308	(2,340,119)
Net Pension Liability	638,003	973,965	(335,962)
Total Liabilities	<u>25,849,190</u>	<u>30,852,204</u>	<u>(5,003,014)</u>
Deferred Inflows of Resources	12,024,025	10,500,701	1,523,324
Total Liabilities and Inflows of Resources	<u>37,873,215</u>	<u>41,352,905</u>	<u>(3,479,690)</u>
Net Position:			
Investment in capital assets, net of related debt	5,941,446	4,960,662	980,784
Restricted	4,430,592	3,479,074	951,518
Unrestricted (deficit)	(19,511,741)	(19,305,949)	(205,792)
Total Net Position	<u>\$ (9,139,703)</u>	<u>\$(10,866,213)</u>	<u>\$ 1,726,510</u>

**Worcester Central School District's
Changes in Net Position
For the Years Ended June 30, 2024 and 2023**

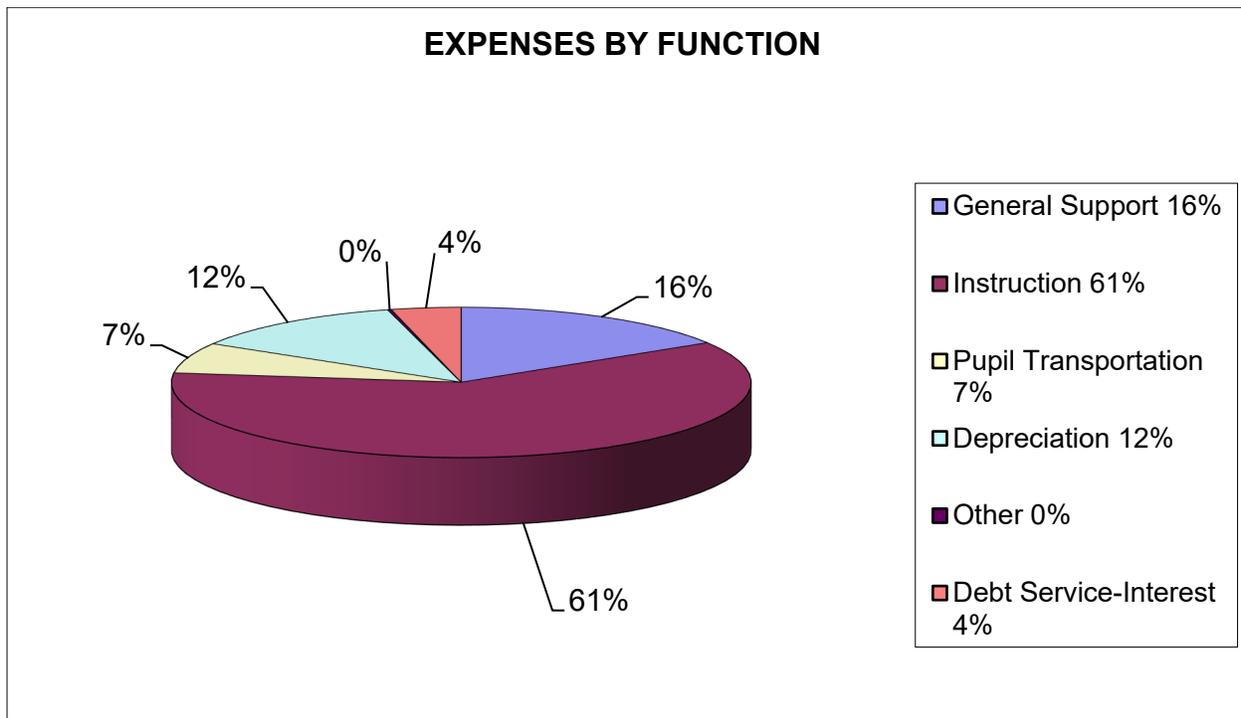
	Governmental Activities		Variance Increase (Decrease)
	2024	2023	
<u>Revenues:</u>			
Program Revenues:			
Charges for Services	\$ 22,389	\$ 73,995	\$ (51,606)
Operating Grants and Contributions	1,589,010	1,232,643	356,367
Total Program Revenues	<u>\$ 1,611,399</u>	<u>\$ 1,306,638</u>	<u>\$ 304,761</u>
General Revenues:			
Real Property Taxes	\$ 3,307,779	\$ 3,172,211	\$ 135,568
Other Tax Items	376,460	424,192	(47,732)
Use of Money and Property	153,174	48,442	104,732
Sale of Property and Compensation for Loss	72,757	-	72,757
Miscellaneous	165,262	308,002	(142,740)
State Sources	7,575,831	7,395,781	180,050
Federal Sources	26,411	27,100	(689)
Total General Revenues	<u>11,677,674</u>	<u>11,375,728</u>	<u>301,946</u>
<u>Expenses (Net of Program Revenues):</u>			
Instruction	6,052,846	6,181,334	(128,488)
Support Services:			
General Support	1,607,884	1,698,094	(90,210)
Pupil Transportation	656,087	822,388	(166,301)
Debt Service-Interest	387,348	458,723	(71,375)
Depreciation-Unallocated	1,227,779	1,190,724	37,055
School Lunch	19,220	92,729	(73,509)
Total Expenses	<u>9,951,164</u>	<u>10,443,992</u>	<u>(492,828)</u>
Change in Net Position	<u>\$ 1,726,510</u>	<u>\$ 931,736</u>	<u>\$ 794,774</u>

The following charts provide the percentage of breakdown of all revenues by source and all expenses by function for the entire District:

**Districtwide Revenues by Source
For the Year Ended June 30, 2024**



**Districtwide Expenses by Function
For the Year Ended June 30, 2024**



FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds.

A fund is a grouping of related accounts, and 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. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- **Governmental funds:** All of the District’s services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District’s operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

FUND FINANCIAL ANALYSIS (DISTRICT’S FUNDS)

The District’s governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$7 million, which is above last year’s total of \$6 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2024 and 2023.

	<u>Fund Balance</u> <u>2024</u>	<u>Fund Balance</u> <u>2023</u>	<u>Variance</u> <u>Increase</u> <u>(Decrease)</u>
General	\$ 6,043,341	\$ 5,998,328	\$ 45,013
School Lunch	121,122	70,233	50,889
Special Aid	-	-	-
Capital	497,694	(416,519)	914,213
Debt Service	357,913	316,188	41,725
Totals	<u>\$ 7,020,070</u>	<u>\$ 5,968,230</u>	<u>\$ 1,051,840</u>

General Fund

The tables that follow assist in illustrating the financial activities and balance of the General Fund.

<u>Revenues:</u>	<u>2024</u>	<u>2023</u>	<u>Variance Increase (Decrease)</u>
Taxes and Other Tax Items	\$ 3,684,239	\$ 3,596,403	\$ 87,836
Use of Money and Property	111,340	34,294	77,046
State Sources	7,575,831	7,395,781	180,050
Federal Sources	26,411	27,100	(689)
Other	238,019	321,070	(83,051)
Totals	<u>\$ 11,635,840</u>	<u>\$ 11,374,648</u>	<u>\$ 261,192</u>

<u>Expenses:</u>	<u>2024</u>	<u>2023</u>	<u>Variance Increase (Decrease)</u>
General Support	\$ 1,273,563	\$ 1,282,685	\$ (9,122)
Instruction	4,138,726	4,079,542	59,184
Pupil Transportation	572,670	561,402	11,268
Employee Benefits	2,094,792	1,982,027	112,765
Debt Service	2,425,909	2,451,572	(25,663)
Other	1,085,167	88,336	996,831
Totals	<u>\$ 11,590,827</u>	<u>\$ 10,445,564</u>	<u>\$ 1,145,263</u>

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The difference between the general fund's original budget and the final amended budget was \$1,000,000. This amount represents the increase due to the voter approved transfer to the Capital Fund for the Capital Improvement Project.

CAPITAL ASSETS

The District's capital assets (net of accumulated depreciation) as of June 30, 2024 are as follows:

<u>Asset Description</u>	<u>Amount</u>
Land	\$ 208,203
Construction in Progress	358,808
Buildings and Improvements	15,157,973
Machinery & Equipment	412,206
Vehicles	<u>654,256</u>
Total	<u>\$16,791,446</u>

The total decrease in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$919,216. The most significant change to capital assets was attributable to the initial costs of the new capital project and purchases of equipment and vehicles less depreciation expense.

DEBT

The District had debt including serial bonds in the amount of \$10,850,000 as of June 30, 2024, a decrease over the previous year of \$1,900,000. The debt outstanding for the year ended June 30, 2024 is summarized as follows:

<u>Debt Description</u>	<u>Outstanding Balance</u>
Bonds	<u>\$ 10,850,000</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2024, the District's general obligation debt was less than its total debt limit.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, nearly two-thirds of the District's general fund revenues comes from State Aid, so the District is susceptible to changes in how State Aid is calculated.

In addition, the Property Tax Cap Chapter 97 of the Laws of 2011 continues to constrain the District's ability to raise local revenue. The District has implemented many efficiencies over the last several years and, consequently, reductions in revenue could have a significant impact on academic programs.

The future concerns of the District are the continued unpredictable inflation in all areas, as prices on almost all goods seem to continue to increase without warning. The higher costs of food in the cafeteria, fuel costs for buses and heating, school supplies and equipment, as well as maintaining competitive wages to recruit and retain staff will continue to make budgeting a challenge.

Furthermore, the District is concerned about a possible aid reduction during the 2024-2025 school year. The pending revision to the foundation aid formula could significantly affect the financial situation of the District in future years. Ultimately, the goal of the Worcester Central School District will continue to be fiscally responsible to sustain our school well into the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

It is the intent of this report to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Worcester Central School District
Timothy Gonzales, Superintendent
District Offices
198 Main Street
Worcester, New York 12197
(607) 397-8785

WORCESTER CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

ASSETS

Unrestricted cash	\$ 1,401,994	
Restricted cash	4,428,229	
Other receivables, net	25,656	
State and federal aid receivable	1,294,779	
Due from other governments	262,940	
Inventories	7,306	
Capital assets, net	16,791,446	
Total Assets		\$ 24,212,350

DEFERRED OUTFLOW OF RESOURCES

Pensions	\$ 1,584,986	
OPEB-GAB 75	2,936,176	
Total Deferred Outflows of Resources		\$ 4,521,162

LIABILITIES

Current Liabilities:

Accounts payable	\$ 28,327	
Accrued liabilities	28,684	
Other liabilities	829	
Due to fiduciary funds	60	
Due to teachers' retirement system	309,374	
Due to employees' retirement system	47,412	
Due to other governments	136	
Unearned revenue	4,298	

Long-Term Liabilities:

Due and payable within one year

Bonds payable	1,960,000	
Net pension liability- proportionate share	638,003	

Due and payable after one year

Bonds payable	8,890,000	
Compensated absences payable	206,878	
Other postemployment benefits payable	13,735,189	

Total Liabilities		\$ 25,849,190
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DEFERRED INFLOWS OF RESOURCES

Pensions	343,496	
Premiums on bonds	2,002,719	
OPEB-GASB 75	9,677,810	

Total Deferred Inflows of Resources		\$ 12,024,025
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NET POSITION

Net Investment in Capital Assets	5,941,446	
Restricted	4,430,592	
Unrestricted (deficit)	(19,511,741)	

Total Net Position		\$ (9,139,703)
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See auditor's report. See notes to financial statements.

WORCESTER CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For Year Ended June 30, 2024

	Expenses	Indirect Expenses Allocation	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
			<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS					
General support	\$ 1,269,813	\$ 338,071	\$ -	\$ -	\$ (1,607,884)
Instruction	5,446,347	1,922,444	-	1,315,945	(6,052,846)
Pupil transportation	442,404	233,408	-	19,725	(656,087)
Employee benefits	2,540,177	(2,540,177)	-	-	-
Debt service-interest	387,348	-	-	-	(387,348)
Depreciation and loss on disposal	1,227,779	-	-	-	(1,227,779)
Food service program	248,695	46,254	22,389	253,340	(19,220)
Total Functions and Programs	\$ 11,562,563	\$ -	\$ 22,389	\$ 1,589,010	(9,951,164)
GENERAL REVENUES					
Real property taxes					3,307,779
Other tax items					376,460
Use of money and property					153,174
Sale of property and compensation for loss					72,757
Miscellaneous					165,262
State sources					7,575,831
Federal sources					26,411
Total General Revenues					11,677,674
Change in Net Position					1,726,510
Total Net Position - Beginning of year					(10,866,213)
Total Net Position - End of year					\$ (9,139,703)

See auditor's report. See notes to financial statements.

WORCESTER CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2024

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted cash	\$ 1,401,994	\$ -	\$ -	\$ 1,401,994
Restricted cash	4,428,229	-	-	4,428,229
Other receivables, net	25,656	-	-	25,656
Due from other funds	1,721,702	-	(1,721,702)	-
Due from other governments	262,940	-	-	262,940
Inventories	7,306	-	-	7,306
State and federal aid receivable	1,294,779	-	-	1,294,779
Capital assets, (net)	-	16,791,446	-	16,791,446
Total Assets	\$ 9,142,606	\$ 16,791,446	\$ (1,721,702)	\$ 24,212,350
DEFERRED OUTFLOW OF RESOURCES				
Pensions	\$ -	\$ 1,584,986	\$ -	\$ 1,584,986
OPEB-GASB 75	-	2,936,176	-	2,936,176
Total Deferred Outflows of Resources	\$ -	\$ 4,521,162	\$ -	\$ 4,521,162
LIABILITIES				
Accounts payable	\$ 28,327	\$ -	\$ -	\$ 28,327
Accrued liabilities	10,399	18,285	-	28,684
Bonds payable	-	10,850,000	-	10,850,000
Due to other funds	1,721,762	-	(1,721,762)	-
Due to fiduciary funds	-	-	60	60
Due to teachers' retirement system	309,374	-	-	309,374
Due to employees' retirement system	47,412	-	-	47,412
Due to other governments	136	-	-	136
Other liabilities	829	-	-	829
Unearned revenues	4,298	-	-	4,298
Other postemployment benefits payable	-	13,735,189	-	13,735,189
Compensated absences	-	206,878	-	206,878
Net pension liability- proportionate share	-	638,003	-	638,003
Total Liabilities	\$ 2,122,537	\$ 25,448,355	\$ (1,721,702)	\$ 25,849,190
DEFERRED INFLOWS OF RESOURCES				
Pensions	\$ -	\$ 343,496	\$ -	\$ 343,496
Premiums on bonds	-	2,002,719	-	2,002,719
OPEB-GASB 75	-	9,677,810	-	9,677,810
Total Deferred Inflows of Resources	\$ -	\$ 12,024,025	\$ -	\$ 12,024,025
FUND BALANCE\NET POSITION				
Total Fund Balance\Net Position	\$ 7,020,069	\$ (16,159,772)	\$ -	\$ (9,139,703)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance\Net Position	\$ 9,142,606	\$ 21,312,608	\$ (1,721,702)	\$ 28,733,512

See auditor's report. See notes to financial statements.

WORCESTER CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For Year Ended June 30, 2024

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 3,307,779	\$ -	\$ -	\$ -	\$ 3,307,779
Other tax items	376,460	-	-	-	376,460
Charges for services	-	-	-	-	-
Use of money and property	153,174	-	-	-	153,174
Sale of property and compensation for loss	72,757	-	-	-	72,757
Miscellaneous	199,214	-	-	-	199,214
State sources	7,768,976	-	-	-	7,768,976
Federal sources	1,388,409	-	-	-	1,388,409
Sales	22,304	-	-	-	22,304
Total Revenues	<u>13,289,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,289,073</u>
EXPENDITURES\EXPENSES					
General support	1,273,563	-	(3,750)	-	1,269,813
Instruction	5,469,838	45,545	(69,036)	-	5,446,347
Pupil transportation	592,395	-	(149,991)	-	442,404
Employee benefits	2,141,046	399,131	-	-	2,540,177
Debt service-Principal	1,900,000	-	-	(1,900,000)	-
-Interest	525,909	(138,561)	-	-	387,348
Cost of sales	248,695	-	-	-	248,695
Capital outlay	85,787	-	(85,787)	-	-
Depreciation and loss on disposal	-	-	1,227,779	-	1,227,779
Total Expenditures	<u>12,237,233</u>	<u>306,115</u>	<u>919,215</u>	<u>(1,900,000)</u>	<u>11,562,563</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,051,840</u>	<u>(306,115)</u>	<u>(919,215)</u>	<u>1,900,000</u>	<u>1,726,510</u>
OTHER SOURCES AND USES					
Operating transfers in	1,085,167	(1,085,167)	-	-	-
Operating transfers (out)	(1,085,167)	1,085,167	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change for the Year	<u>\$ 1,051,840</u>	<u>\$ (306,115)</u>	<u>\$ (919,215)</u>	<u>\$ 1,900,000</u>	<u>\$ 1,726,510</u>

See auditor's report. See notes to financial statements.

WORCESTER CENTRAL SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS

June 30, 2024

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	\$ 364,063	\$ 13,318	\$ 76,676	\$ -	\$ 947,937	\$ 1,401,994
Restricted cash	4,072,680	-	-	355,549	-	4,428,229
Other receivables, net	25,656	-	-	-	-	25,656
State and federal aid receivable	147,503	1,129,139	18,137	-	-	1,294,779
Due from other governments	239,861	23,079	-	-	-	262,940
Inventories	-	-	7,306	-	-	7,306
Due from other funds	1,647,404	-	19,574	2,363	52,361	1,721,702
Total Assets	\$ 6,497,167	\$ 1,165,536	\$ 121,693	\$ 357,912	\$ 1,000,298	\$ 9,142,606
LIABILITIES						
Accounts payable	\$ 14,878	\$ 11,361	\$ 20	\$ -	\$ 2,068	\$ 28,327
Accrued liabilities	9,338	646	415	-	-	10,399
Due to other governments	-	-	136	-	-	136
Due to teachers' retirement system	309,374	-	-	-	-	309,374
Due to employees' retirement system	47,412	-	-	-	-	47,412
Unearned revenues	-	4,298	-	-	-	4,298
Other liabilities	829	-	-	-	-	829
Due to other funds	71,995	1,149,231	-	-	500,536	1,721,762
Total Liabilities	453,826	1,165,536	571	-	502,604	2,122,537
FUND BALANCES						
Non-spendable	-	-	7,306	-	-	7,306
Restricted	4,072,680	-	-	357,912	-	4,430,592
Assigned	847,629	-	113,816	-	-	961,445
Unassigned	1,123,032	-	-	-	497,694	1,620,726
Total Fund Balances	6,043,341	-	121,122	357,912	497,694	7,020,069
Total Liabilities and Fund Balances	\$ 6,497,167	\$ 1,165,536	\$ 121,693	\$ 357,912	\$ 1,000,298	\$ 9,142,606

See auditor's report. See notes to financial statements.

WORCESTER CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
For Year Ended June 30, 2024

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 3,307,779	\$ -	\$ -	\$ -	\$ -	\$ 3,307,779
Other tax items	376,460	-	-	-	-	376,460
Charges for services	-	-	-	-	-	-
Use of money and property	111,340	-	109	41,725	-	153,174
Sale of property and compensation for loss	72,757	-	-	-	-	72,757
Miscellaneous	165,262	33,867	85	-	-	199,214
State sources	7,575,831	138,948	54,197	-	-	7,768,976
Federal sources	26,411	1,162,855	199,143	-	-	1,388,409
Sales	-	-	22,304	-	-	22,304
Total Revenues	<u>11,635,840</u>	<u>1,335,670</u>	<u>275,838</u>	<u>41,725</u>	<u>-</u>	<u>13,289,073</u>
EXPENDITURES						
General support	1,273,563	-	-	-	-	1,273,563
Instruction	4,138,726	1,331,112	-	-	-	5,469,838
Pupil transportation	572,670	19,725	-	-	-	592,395
Employee benefits	2,094,792	-	46,254	-	-	2,141,046
Debt service						
Principal	1,900,000	-	-	-	-	1,900,000
Interest	525,909	-	-	-	-	525,909
Cost of sales	-	-	248,695	-	-	248,695
Capital outlay	-	-	-	-	85,787	85,787
Total Expenditures	<u>10,505,660</u>	<u>1,350,837</u>	<u>294,949</u>	<u>-</u>	<u>85,787</u>	<u>12,237,233</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,130,180</u>	<u>(15,167)</u>	<u>(19,111)</u>	<u>41,725</u>	<u>(85,787)</u>	<u>1,051,840</u>
OTHER FINANCING SOURCES AND USES						
Bond proceeds	-	-	-	-	-	-
Operating transfers in	-	15,167	70,000	-	1,000,000	1,085,167
Operating transfers (out)	(1,085,167)	-	-	-	-	(1,085,167)
Total Other Financing Sources (Uses)	<u>(1,085,167)</u>	<u>15,167</u>	<u>70,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	45,013	-	50,889	41,725	914,213	1,051,840
Fund Balance - (Deficit) Beginning of year	<u>5,998,328</u>	<u>-</u>	<u>70,233</u>	<u>316,188</u>	<u>(416,519)</u>	<u>5,968,230</u>
Fund Balance - End of year	<u>\$ 6,043,341</u>	<u>\$ -</u>	<u>\$ 121,122</u>	<u>\$ 357,913</u>	<u>\$ 497,694</u>	<u>\$ 7,020,070</u>

See auditor's report. See notes to financial statements.

WORCESTER CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
ASSETS			
Cash	\$ 302,628	\$ 4,602	\$ 44,186
Due from governmental funds	-	60	-
Total Assets	\$ 302,628	\$ 4,662	\$ 44,186
 LIABILITIES			
Other liabilities	\$ -	\$ -	\$ -
Due to governmental funds	-	-	-
Total Liabilities	-	-	-
 NET POSITION			
Reserved for scholarships	\$ 302,628	\$ -	\$ -
Individuals, Organizations and Other governments	-	4,662	44,186
Total Net Position	\$ 302,628	\$ 4,662	\$ 44,186

See auditor's report. See notes to financial statements.

WORCESTER CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For Year Ended June 30, 2024

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
ADDITIONS			
Gifts and donations	\$ 11,254	\$ 3,500	\$ -
Interest	8,892	-	-
Unclassified	-	-	100,647
Total Additions	<u>20,146</u>	<u>3,500</u>	<u>100,647</u>
DEDUCTIONS			
Scholarships and awards	17,354	-	-
Other custodial activities	-	2,518	96,594
Total Deductions	<u>17,354</u>	<u>2,518</u>	<u>96,594</u>
Net Increase (Decrease) in Fiduciary Net Position	2,792	982	4,053
Net Position - Beginning of year	<u>299,836</u>	<u>3,680</u>	<u>40,133</u>
Net Position - End of year	<u>\$ 302,628</u>	<u>\$ 4,662</u>	<u>\$ 44,186</u>

See auditor's report. See notes to financial statements.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The financial statements of the Worcester Central School District have been prepared in conformity with generally accepted accounting principles (GAAP). Those principles are as prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Worcester Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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. 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. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

The Extraclassroom Activity Funds

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

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

B. Joint Venture

The Worcester Central School District is a component school district of 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 share planning, services, and programs which provide educational and support activities.

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

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

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

During the year ended June 30, 2024, the Worcester Central School District was billed \$1,233,478 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$507,632. Financial statements for BOCES Aid are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

The Districtwide 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,

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. Districtwide Statements (Continued)

State Aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

2. Fund Financial Statements

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

The District reports the following funds:

a. Major Governmental Funds

- (1) 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.
- (2) Special Aid Fund** – These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

a. Major Governmental Funds (Continued)

- (3) School Lunch Fund** – Used to account for transactions of the District’s lunch and breakfast programs.
- (4) Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- (5) Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the districtwide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

- (1) 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.
- (2) Custodial Funds** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

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 districtwide 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. Nonexchange 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. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

E. Cash and Investments

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

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

F. Property Taxes

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

Uncollected real property taxes are subsequently enforced by the County of Otsego. An amount representing uncollected real property taxes is transmitted to the County for enforcement and is paid by the County to the District no later than the forthcoming April 1.

G. 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 the associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

H. Interfund Transactions

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

In the districtwide 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 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 IV for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

J. Receivables

Accounts receivables 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 an allowance would not be material.

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventorable 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. Under 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.

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 districtwide financial statements and their use is limited by applicable bond covenants.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

L. Other Assets/Restricted Assets (Continued)

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

M. Capital Assets

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Site Improvements	\$ 2,500	20
Buildings and Improvements	\$ 2,500	15-50
Furniture and Equipment	\$ 2,500	5-15
Vehicles	\$ 2,500	8

N. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

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

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

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vested method and an accrual for that liability is included in the Districtwide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available resources. These amounts are expensed on a pay-as-you-go basis.

O. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the districtwide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full of current financial resources.

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

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

P. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference 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's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the districtwide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item is related to premiums received from bonds which are amortized over the life of the bonds.

R. Unearned Revenue

Unearned revenues 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 incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources.

S. Other Benefits

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

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

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

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

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

T. Short-Term Debt

The School District may issue Revenue and Tax Anticipation Notes in anticipation of 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 revenue anticipation and tax anticipation notes represent a liability that will be extinguished using expendable, available resources of the fund.

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

The School District may issue Bond Anticipation Notes in anticipation of proceeds from the subsequent sale of bonds. These bonds are recorded as a current liability of the fund that will receive the proceeds from the issuance of bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

U. Equity Classifications

1. Districtwide Statements

In the districtwide statements there are three classes of net position:

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

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

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

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **Summary of Significant Accounting Policies (Continued)**

U. **Equity Classifications (Continued)**

2. **Fund Statements**

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund. The District's School Lunch inventory on June 30, 2024 was \$7,306.

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 School District has established the following restricted fund balances:

1. **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

2. **Unemployment Insurance**

This reserve is 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. This reserve is accounted for in the General Fund.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

3. Employee Benefit Accrued Liability

This reserve is used to set aside funds 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. This reserve is accounted for in the General Fund.

4. Employee Retirement Contributions

This reserve is used for future employee's retirement and teacher's retirement obligations. 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.

5. Property Loss and Liability

This reserve is used to pay for property loss and liability claims incurred. The limit is 3% of the annual budget or \$15,000, whichever is greater. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

6. Capital

This reserve is 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 source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in 3651 of the Education Law. This reserve is accounted for in the General Fund.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

7. Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

Restricted fund balance includes the following:

General Fund:

Employee Benefit Accrued Liability	\$ 240,405
Unemployment Insurance	79,335
Capital	2,129,083
Employee Retirement Contributions	703,967
Teachers Retirement Contributions	256,171
Tax Certiorari	10,411
Property Loss	126,654
Liability	326,654
Insurance	200,000
Debt Service Fund	357,912
Total restricted funds	<u><u>\$ 4,430,592</u></u>

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

Assigned – Includes amounts that are constrained by the School 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 \$0 and the assigned fund balance amounted to \$847,629.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

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

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

Order of Use of Fund Balance:

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

V. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. On June 30, 2024, the District implemented the following new standards issued by GASB:

GASB has issued Statement 96, Subscription-based Information technology Arrangements, effective for the year ending June 30, 2024.

GASB has issued Statement 99, Omnibus 2022, effective for the year ending June 30, 2024.

GASB has issued Statement 100, Accounting Changes and Error Corrections, effective after the year ending June 30, 2024.

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

W. Future Changes in Accounting Standards

GASB has issued Statement 101, Compensated Absences, effective for the year ending June 30, 2025.

GASB has issued Statement 102, Certain Risk Disclosures, effective for the year ending June 30, 2025.

GASB has issued Statement 103, Financial Reporting Model Improvements, effective for the year ending June 30, 2026.

The school district will evaluate the impact that these pronouncements may have on its financial statements and will implement them as applicable and when material.

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements

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

1. 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.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

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

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

a. Long-term revenue differences:

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

b. 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.

c. 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.

d. 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.

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from 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, and their original costs are expensed annually of their useful lives.

Original cost of capital assets	\$29,489,098
Accumulated depreciation	<u>12,697,652</u>
Capital assets, net	<u>\$16,791,446</u>

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

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

Long-term liabilities 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:

Bonds payable	<u>\$10,850,000</u>
OPEB obligations	<u>\$13,735,189</u>
Compensated Absences	<u>\$ 206,878</u>
Net pension liability-proportionate share	<u>\$ 638,003</u>

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 years 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. Depreciation and loss on disposal of \$1,227,779 was more than capital expenditures of \$308,564 in the current year.

Repayment of bond principal of \$1,900,000 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.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities decreased by \$138,561.

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. Cash and Investments

A. Deposits

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

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District's custodial bank in the School District's name.

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IV. Interfund Transaction

Interfund balances on June 30, 2024, are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,647,404	\$ 71,995	\$ -	\$ 1,085,167
Special Aid Fund	-	1,149,231	15,167	-
School Lunch Fund	19,574	-	70,000	-
Capital Fund	52,361	500,536	1,000,000	-
Debt Service Fund	2,363	-	-	-
	<u>1,721,702</u>	<u>1,721,762</u>	<u>\$ 1,085,167</u>	<u>\$ 1,085,167</u>
 Fiduciary Custodial Funds	<u>60</u>	<u>-</u>		
 Totals	<u>\$ 1,721,762</u>	<u>\$ 1,721,762</u>		

The District typically transfers from the General Fund to the Special Aid Fund to pay its' share of the Summer Handicapped Program.

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

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

V. Capital Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> 7/1/2023	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 6/30/2024
<u>Capital assets-not depreciated:</u>				
Land	\$ 208,203	-	-	208,203
Construction in progress	<u>300,200</u>	<u>58,608</u>	-	<u>358,808</u>
Total capital assets-not depreciated:	<u>508,403</u>	<u>58,608</u>	-	<u>567,011</u>
 <u>Other capital assets:</u>				
Buildings and improvements	26,607,856	39,838	-	26,647,694
Machinery and equipment	1,149,698	60,126	-	1,209,824
Vehicles	<u>1,163,178</u>	<u>149,991</u>	<u>248,600</u>	<u>1,064,569</u>
Total other capital assets:	<u>28,920,732</u>	<u>249,955</u>	<u>248,600</u>	<u>28,922,087</u>
 <u>Less accumulated depreciation:</u>				
Buildings and improvements	10,504,001	985,720	-	11,489,721
Machinery and equipment	696,705	100,913	-	797,618
Vehicles	<u>517,767</u>	<u>116,167</u>	<u>223,621</u>	<u>410,313</u>
Total accumulated depreciation	<u>11,718,473</u>	<u>1,202,800</u>	<u>223,621</u>	<u>12,697,652</u>
Other capital assets, net	<u>17,202,259</u>	<u>(952,845)</u>	<u>24,979</u>	<u>16,224,435</u>
Total	<u>\$ 17,710,662</u>	<u>\$ (894,237)</u>	<u>\$ 24,979</u>	<u>\$ 16,791,446</u>

Depreciation expense for the period was shown as unallocated in the Statement of Activities.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans

1. General Information

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

2. Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

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

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

Funding Policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

Contributions

	<u>ERS</u>	<u>TRS</u>
2024	\$144,550	\$317,887
2023	\$114,900	\$288,265
2022	\$107,229	\$271,970

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

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

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	1-Apr-24	30-Jun-23
Net pension liability/(asset)	\$467,880	\$170,123
District's portion of the Plan's total net pension liability/asset	.0031777%	.014876%
Change in proportion since the prior measurement date	(.0000241%)	(.0001%)

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

For the year ended June 30, 2024, the District's recognized pension expense of \$206,093 for ERS and \$483,836 for TRS. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resource:</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$150,704	\$412,504	\$12,758	\$1,019
Changes of assumptions	176,895	366,270	0	79,827
Net difference between projected and actual earnings on pension plan investments	0	86,964	228,557	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	44,742	26,726	18,828	2,507
District's contributions subsequent to the measurement date	47,413	272,768	0	0
Total	\$419,754	\$1,165,232	\$260,143	\$83,353

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2024	\$ -	\$ 77,027
2025	(\$84,631)	(80,033)
2026	\$99,218	689,809
2027	\$144,470	55,042
2028	(\$46,860)	41,270
2029	-	-
Thereafter	\$ -	25,995

WORCESTER CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Interest rate	5.9%	6.95%
Salary scale	4.40%	1.95%-5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.9%	2.40%
COLA's	1.5%	1.30%

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

For ERS, the actuarial assumptions used in the April 1, 2022, valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

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

Measurement date	<u>ERS</u> March 31, 2024	<u>TRS</u> June 30, 2023
<u>Asset Type</u>	<u>%</u>	<u>%</u>
Domestic Equities	4.00%	6.80%
International Equities	6.65%	7.60%
Global equities	0.00%	7.20%
Private Equity	7.25%	10.10%
Real Estate Equity	4.60%	6.30%
Domestic fixed income securities	1.50%	2.20%
Global bonds	0.00%	1.60%
Private debt	0.00%	6.00%
Absolute return strategies	5.25%	0.00%
Real estate debt	0.00%	3.20%
Cash Equivalents	25.00%	0.30%
High yield fixed income securities	0.00%	4.40%
Real assets	5.79%	0.00%

5. Discount Rate

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. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

6. Sensitivity of the Proportionate Share of Net Pension Asset/Liability to the Discount Rate Assumption

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

ERS	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$1,471,063	\$467,880	(\$369,986)
TRS	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$2,591,063	\$170,123	(\$1,865,992)

7. Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/liability of the employers as of the respective valuation dates, were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Employers' total pension liability	\$ 240,696,851	\$ 138,365,121,961
Plan Fiduciary Net Position	225,972,801	137,221,536,942
Employers' net pension liability/(asset)	14,724,050	1,143,585,019
Plan fiduciary net position as a percentage of total pension (asset)/liability	93.8800%	99.2000%

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024, represent the projected employer contribution for the period of April 1, 2024, through June 30, 2024, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024, amounted to \$47,413.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018, are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024, represent employee and employer contributions for the fiscal year ended June 30, 2024, based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024, amounted to \$309,374.

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations

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

1. Long-Term Debt Interest

Interest paid	\$525,908
Less interest accrued in the prior year	(21,911)
Plus, interest accrued in the current year	<u>18,288</u>
Amortization of bond premium	<u>(134,937)</u>
 Total expense	 <u>\$ 387,348</u>

2. Changes

	Balance 7/1/2023	Additions	Deletions	Balance 6/30/2024	Due Within One Year
Serial Bonds	\$ 12,750,000	\$ -	\$ 1,900,000	\$ 10,850,000	<u>\$ 1,960,000</u>
Compensated Absences	161,333	45,545	-	206,878	
OPEB Obligations	16,075,308	-	2,340,119	13,735,189	
Net Pension Liability- Proportionate Share	973,965	-	335,962	638,003	
Totals	<u>\$ 29,960,606</u>	<u>\$ 45,545</u>	<u>\$ 4,576,081</u>	<u>\$ 25,430,070</u>	

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

3. Maturity

a. The following is a summary of the debt issued:

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2024
Serial Bonds:				
Construction Bond	2016	2039	2-2.98%	\$ 8,810,000
Bus Bond	2021	2025	1.50%	30,000
Construction Bond	2015	2030	2.5-3.75%	460,000
Construction Bond	2020	2035	2.00%	1,550,000
Total				<u>\$ 10,850,000</u>

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations (Continued)

b. The following is a summary of maturing principal debt service requirements:

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Serial Bonds:	2025	\$ 1,960,000	\$ 428,906	\$ 2,388,906
	2026	1,995,000	348,056	2,343,056
	2027	1,135,000	289,356	1,424,356
	2028	1,175,000	238,506	1,413,506
	2029 and thereafter	4,585,000	565,769	5,150,769
	Total	<u>\$ 10,850,000</u>	<u>\$ 1,870,593</u>	<u>\$ 12,720,593</u>

Deferred Inflows of Resources

The District received a premium of \$3,041,615 on the 2016 DASNY serial bond issuance, and a premium of \$40,395 on the 2020 bond. The premiums are being amortized on the Districtwide financial statements using the straight-line method over the remaining time to maturity of the serial bonds. The current year amortization is \$134,937 and is included as a reduction to interest expense on the Districtwide financial statements. The remaining balance on the deferred premiums is calculated as follows:

Premium of bonds	\$2,137,656
Less: Amount recognized	<u>134,937</u>
Unamortized premium on bonds	<u>\$2,002,719</u>

WORCESTER CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits

A. General Information about the OPEB Plan

Plan Description- The District's defined benefit OPEB plan provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of Statement 75.

Benefits Provided- The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

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

Inactive members or beneficiaries currently receiving benefit payments	43
Inactive members entitled to but not yet receiving benefit payments	-
Active members	<u>71</u>
Total membership	114

B. Total OPEB Liability

The District's total OPEB liability of \$13,735,189 was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

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

WORCESTER CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability (Continued)

Inflation	2.7%
Salary Increases	vary by pension retirement system membership
Discount Rate	4.21%
Healthcare Cost Trend Rates	6.75% increase from 2023 to 2024, followed by 6.50% from 2024 to 2025, decreasing gradually to an ultimate rate of 4.14% by 2075

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

Mortality rates were based on the PUB-2010 Headcount-Weighted Table projected fully generationally using MP-2021.

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

C. Changes in the Total OPEB Liability

Balance on June 30, 2023	<u>\$16,075,308</u>
<u>Changes for the Year</u>	
Service cost	700,016
Interest	685,052
Changes of benefit terms	-
Differences between expected and actual experience	(2,939,173)
Changes in assumptions or other inputs	(405,973)
Benefit payments	<u>(380,041)</u>
Net Changes	<u>(2,340,119)</u>
Balance on June 30, 2024	<u>\$13,735,189</u>

WORCESTER CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 4.13% in 2023 to 4.21% in 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate- The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1percentage point lower (3.21%) or 1 percentage point higher (5.21%) than the current discount rate:

	(3.21%) <u>1% Decrease</u>	Current Discount Rate (4.21%) <u>Rate (4.21%)</u>	(5.21 %) <u>1% Increase</u>
Total OPEB Liability	<u>\$16,165,619</u>	<u>\$13,735,189</u>	<u>\$11,799,012</u>

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

	<u>1% Decrease</u>	Healthcare Cost Trend Rates <u>Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$11,466,239</u>	<u>\$13,735,189</u>	<u>\$16,686,218</u>

WORCESTER CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$135,576. On June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	(\$4,516,740)
Changes of assumptions or other inputs	<u>2,936,176</u>	<u>(5,161,070)</u>
Total	<u>\$2,936,176</u>	<u>(\$9,677,810)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2025	(\$ 869,451)
2026	(869,451)
2027	(801,109)
2028	(1,513,173)
2029	(1,522,686)
2030 and thereafter	(1,165,764)

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Grants

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

3. Workers' Compensation Insurance

The School District participates in Catskill Area Schools Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled or open claims, if any was unknown at June 30, 2024.

4. Health Insurance

The School District participates in the Catskill Area Schools Employee Benefit Plan (CASEBP), a non-risk-retained public entity risk pool for its employee health insurance coverage. The pool is operated for the benefit of numerous 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 more than the \$250,000 limit, and the District has essentially transferred all related risk to the pool. CASEBP is governed by a trust agreement and a Board of Trustees who execute the provisions of the CASEB, as set forth in the agreement.

Premium costs for group health insurance and related policies purchased and for group health insurance administration are allocated among CASEBP members. Payments made by members to CASEBP for such policies are paid to the group insurance carriers by CASEBP. The District participates in the health and prescription plans offered through CASEBP.

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

X. Other Disclosures (Continued)

A. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Total governmental fund balance	\$ 7,020,069
Capital assets (net)	16,791,446
Deferred outflows of resources	4,521,162
Bonds payable	(10,850,000)
Accrued interest payable	(18,285)
Deferred inflows of resources	(12,024,025)
Net pension liability- proportionate share	(638,003)
Compensated absences	(206,878)
OPEB obligations	(13,735,189)
Total net position	<u>\$ (9,139,703)</u>

WORCESTER CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

X. Other Disclosures (Continued)

C. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Net changes in fund balance – total governmental funds	\$1,051,839
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	308,564
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(1,227,779)
Repayments of Long-term Debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the Statement of Net Position	1,900,000
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2023/24 results in less expense.	3,624
Amortization of premium on refunding	134,937
 (Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	(211,154)
Employees' Retirement System	(52,401)
 Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	(135,575)
Compensated absences	<u>(45,545)</u>
 Change in Net Position – Governmental Activities	 <u>\$1,726,510</u>

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Stewardship, Compliance and Accountability

A. Budgetary Procedures and Budgetary Accounting

1. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (When permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The General Fund budget was increased to reflect the voter approved transfer to the Capital Fund in the amount of \$1,000,000.

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

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

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

WORCESTER CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Procedures and Budgetary Accounting (Continued)

2. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations 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.

3. Section 1318 of Real Property Tax Law establishes the maximum unassigned fund balance that can be retained by a school district. The current law limits this amount to 4% of the ensuing year's budget. The District's financial statements for the year ended June 30, 2024, indicate that the unassigned fund balance is in excess of the legal limit.

XII. Subsequent Events

There were no other significant subsequent events to report from the period July 1, 2024 to September 20, 2024.

WORCESTER CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND
For Year Ended June 30, 2024

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	\$ 3,308,916	\$ 3,308,916	\$ 3,307,779	\$ (1,137)
Other tax items	375,117	375,117	376,460	1,343
Charges for services	-	-	-	-
Use of money and property	3,000	3,000	111,340	108,340
Sale of property and compensation for loss	-	-	72,757	72,757
Miscellaneous	15,969	15,969	165,262	149,293
Total Local Sources	3,703,002	3,703,002	4,033,598	330,596
State Sources	7,760,744	7,760,744	7,575,831	(184,913)
Federal Sources	20,000	20,000	26,411	6,411
Total Revenues	11,483,746	11,483,746	11,635,840	152,094
Other Financing Sources				
Operating transfers in	-	-	-	-
Total Revenues and Other Financing Sources	11,483,746	11,483,746	11,635,840	\$ 152,094
Appropriated Fund Balance	675,000	1,675,000		
Appropriated Reserves	-	-		
Total Revenues, Appropriated Fund Balance and Reserves	\$ 12,158,746	\$ 13,158,746		

See paragraph on required supplementary information included in auditor's report.

WORCESTER CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND
For Year Ended June 30, 2024

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	\$ 3,308,916	\$ 3,308,916	\$ 3,307,779	\$ (1,137)
Other tax items	375,117	375,117	376,460	1,343
Charges for services	-	-	-	-
Use of money and property	3,000	3,000	111,340	108,340
Sale of property and compensation for loss	-	-	72,757	72,757
Miscellaneous	15,969	15,969	165,262	149,293
Total Local Sources	<u>3,703,002</u>	<u>3,703,002</u>	<u>4,033,598</u>	<u>330,596</u>
State Sources	7,760,744	7,760,744	7,575,831	(184,913)
Federal Sources	20,000	20,000	26,411	6,411
Total Revenues	<u>11,483,746</u>	<u>11,483,746</u>	<u>11,635,840</u>	<u>152,094</u>
Other Financing Sources				
Operating transfers in	-	-	-	-
Total Revenues and Other Financing Sources	<u>11,483,746</u>	<u>11,483,746</u>	<u>11,635,840</u>	<u>\$ 152,094</u>
Appropriated Fund Balance	675,000	1,675,000		
Appropriated Reserves	<u>-</u>	<u>-</u>		
Total Revenues, Appropriated Fund Balance and Reserves	<u>\$ 12,158,746</u>	<u>\$ 13,158,746</u>		

See paragraph on required supplementary information included in auditor's report.

WORCESTER CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-
GENERAL FUND
For Year Ended June 30, 2024

	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of education	\$ 18,200	\$ 18,200	\$ 12,658	\$ -	\$ 5,542
Central administration	232,063	232,063	225,354	-	6,709
Finance	263,362	262,980	256,713	-	6,267
Staff	57,815	56,555	44,853	-	11,702
Central services	690,297	691,801	545,744	-	146,057
Special items	188,273	188,991	188,241	-	750
Total General Support	1,450,010	1,450,590	1,273,563	-	177,027
Instructional					
Instruction, administration and improvement	300,185	300,185	221,755	-	78,430
Teaching - regular school	2,063,277	2,060,277	1,837,146	-	223,131
Programs for children with handicapping conditions	1,709,868	1,709,868	1,137,461	-	572,407
Occupational education	313,394	313,438	313,438	-	-
Teaching - special school	-	-	-	-	-
Instructional media	228,914	230,914	195,461	-	35,453
Pupil services	448,071	457,071	433,465	-	23,606
Total Instructional	5,063,709	5,071,753	4,138,726	-	933,027
Pupil transportation	674,968	671,155	572,670	-	98,485
Employee benefits	2,460,150	2,454,172	2,094,792	-	359,380
Debt service					
Principal	1,900,000	1,900,000	1,900,000	-	-
Interest	525,909	525,909	525,909	-	-
Total Expenditures	12,074,746	12,073,579	10,505,660	-	1,567,919
OTHER FINANCING USES					
Operating transfers out	84,000	1,085,167	1,085,167	-	-
Total Expenditures and Other Financing Uses	\$ 12,158,746	\$ 13,158,746	11,590,827	\$ -	\$ 1,567,919
Net change in fund balance			45,013		
Fund balance- Beginning			5,998,328		
Fund balance- Ending			<u>\$ 6,043,341</u>		

See paragraph on required supplementary information included in auditor's report.

WORCESTER CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
For Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service Cost at end of year	\$ 838,734	\$ 1,274,319	\$ 1,213,103	\$ 674,964	\$ 581,433
Interest	645,728	506,334	485,526	549,116	536,310
Changes of benefit terms	-	4,870	-	-	-
Difference between expected and actual experience	(897,090)	(843,487)	(143,143)	(1,795,721)	-
Changes of assumptions or other inputs	(1,738,780)	(5,356,977)	219,240	6,719,965	919,711
Benefit payments	(347,879)	(353,207)	(374,702)	(346,939)	(342,427)
Net change in Total OPEB Liability	(1,499,287)	(4,768,148)	1,400,024	5,801,385	1,695,027
Total OPEB Liability- beginning	17,574,595	22,342,743	20,942,719	15,141,334	13,446,307
Total OPEB Liability- ending	<u>\$ 16,075,308</u>	<u>\$ 17,574,595</u>	<u>\$ 22,342,743</u>	<u>\$ 20,942,719</u>	<u>\$ 15,141,334</u>
Covered-employee payroll	3,559,124	3,469,111	3,411,144	3,401,293	3,354,649
Total OPEB Liability as a percentage of covered-employee payroll	451.70%	506.60%	655.00%	615.70%	451.40%

See paragraph on required supplementary information included in auditor's report

WORCESTER CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
June 30, 2023

Teachers' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District 's proportion of the net pension asset/liability	.014976%	.014937%	.015564%	.015701%	.015946%	.015994%	.015142%
District's proportionate share of the net pension (asset)/liability	\$ 287,367	\$(2,588,480)	\$ 430,077	\$ (407,913)	\$ (288,350)	\$ (121,571)	\$ 162,178
District's covered-employee payroll	\$ 2,747,525	\$ 2,653,146	\$ 2,585,216	\$ 2,717,089	\$ 2,714,290	\$ 2,800,258	\$ 2,619,153
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	10.50%	97.56%	16.64%	15.01%	10.62%	4.34%	6.19%
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%

Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District 's proportion of the net pension liability	.0032018%	.0028204%	.0029563%	.0034796%	.0033803%	.0034254%	.0034184%
District's proportionate share of the net pension (asset)/liability	\$ 686,598	\$ (230,557)	\$ 2,944	\$ 921,411	\$ 239,504	\$ 110,553	\$ 321,203
District's covered-employee payroll	\$ 1,134,292	\$ 1,025,734	\$ 987,137	\$ 1,141,654	\$ 1,171,836	\$ 1,149,173	\$ 1,062,882
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.50%	22.48%	0.30%	80.71%	20.44%	9.62%	30.22%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%

See paragraph on required supplementary information included in auditor's report.

WORCESTER CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
June 30, 2023

Teachers' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 282,720	\$ 260,008	\$ 241,617	\$ 278,324	\$ 254,551	\$ 297,047	\$ 309,830
Contributions in relation to the contractually required contribution	<u>282,720</u>	<u>260,008</u>	<u>241,617</u>	<u>278,324</u>	<u>254,551</u>	<u>297,047</u>	<u>309,830</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered-employee payroll	<u>\$ 2,747,525</u>	<u>\$ 2,653,146</u>	<u>\$ 2,585,216</u>	<u>\$ 2,717,089</u>	<u>\$ 2,714,290</u>	<u>\$ 2,800,258</u>	<u>\$ 2,619,153</u>
Contributions as a percentage of covered employee payroll	10.29%	9.80%	9.35%	10.24%	9.38%	10.61%	11.83%

Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 114,900	\$ 107,229	\$ 136,920	\$ 141,603	\$ 142,217	\$ 139,852	\$ 137,752
Contributions in relation to the contractually required contribution	<u>114,900</u>	<u>107,229</u>	<u>136,920</u>	<u>141,603</u>	<u>142,217</u>	<u>139,852</u>	<u>137,752</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 1,134,292</u>	<u>\$ 1,025,734</u>	<u>\$ 987,137</u>	<u>\$ 1,141,654</u>	<u>\$ 1,171,836</u>	<u>\$ 1,149,173</u>	<u>\$ 1,062,882</u>
Contributions as a percentage of covered employee payroll	10.13%	10.45%	13.87%	12.40%	12.14%	12.17%	12.96%

See paragraph on required supplementary information included in auditor's report.

WORCESTER CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND
REAL PROPERTY TAX LAW LIMIT
For Year Ended June 30, 2024

CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET

Original Budget	\$ 12,158,746
Additions:	
Voter approved transfer to Capital Fund	1,000,000
Final Budget	\$ 13,158,746

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 Voter-approved Expenditure Budget	\$ 12,785,747
Maximum allowed (4% of 2023-2024 Budget)	\$ 511,430

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

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	847,629
Unassigned fund balance	1,123,032
Total unrestricted fund balance	\$ 1,970,661

Less:	
Appropriated fund balance	847,629
Encumbrances included in committed and assigned fund balance	-
Total adjustments	\$ 847,629

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 1,123,032
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Actual percentage	8.78%
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* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (originally Issued November 2010), the portion of General Fund Fund Balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

WORCESTER CENTRAL SCHOOL DISTRICT
 SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
 For Year Ended June 30, 2024

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2023
			Prior Years	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources	Total	
Capital Project	\$ 34,670,000	\$ 34,670,000	\$ 33,718,937	\$ -	\$ 33,718,937	\$ 951,063	\$ 32,076,574	\$ 322,961	\$ 1,232,862	\$ 33,632,397	\$ (86,540)
Capital Improvement Project	6,977,501	6,977,501	300,200	58,608	358,808	6,618,693	-	-	1,000,000	1,000,000	641,192
Buses 20-21	124,158	124,158	124,015	-	124,015	143	124,158	-	-	124,158	143
Smart Schools Bond Act	52,361	109,462	82,283	27,179	109,462	-	-	52,361	-	52,361	(57,101)
	<u>\$ 41,824,020</u>	<u>\$ 41,881,121</u>	<u>\$ 34,225,435</u>	<u>\$ 85,787</u>	<u>\$ 34,311,222</u>	<u>\$ 7,569,899</u>	<u>\$ 32,200,732</u>	<u>\$ 375,322</u>	<u>\$ 2,232,862</u>	<u>\$ 34,808,916</u>	<u>\$ 497,694</u>

See paragraph on required supplementary information included in auditor's report.

WORCESTER CENTRAL SCHOOL DISTRICT
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2024

Capital assets, net		\$ 16,791,446
Deduct:		
Short-term portion of bonds payable	\$ 1,960,000	
Long-term portion of bonds payable	<u>8,890,000</u>	<u>10,850,000</u>
Net investment in capital assets		<u><u>\$ 5,941,446</u></u>

See paragraph on required supplementary information included in auditor's report.

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

To the Board of Education of the
Worcester Central School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Worcester Central School 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 September 20, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Worcester Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Worcester Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Worcester Central School District's internal control.

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

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

Compliance and Other Matters

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

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.

Raymond G. Preusser, CPA, P.C.

Claverack, New York
September 20, 2024

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To the Board of Education of the
Worcester Central School District:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Worcester Central School District as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Worcester Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Worcester Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Worcester Central School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 20, 2024 on the financial statements of the Worcester Central School District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Other Matters:

Fund Balance

Section 1318 of Real Property Tax Law establishes the maximum unassigned fund balance that can be retained by a school district. The current law limits this amount to 4% of the ensuing year's budget. The District's financial statements for the year ended June 30, 2024, indicate that the unassigned fund balance is in excess of the legal limit.

We recommend that the District formulate a plan to control or use the excess fund balance.

This communication is intended solely for the information and use of the Board of Education, management, the audit committee, the New York State Education Department and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the Business Office personnel for their courtesies received during the course of our audit.

Very truly yours,
RAYMOND G. PREUSSER, CPA, P.C.

Raymond G. Preusser, CPA, P.C.

WORCESTER CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND-CASH BASIS
Year Ended June 30, 2024

WORCESTER CENTRAL SCHOOL DISTRICT
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Year ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Worcester Central School District:

We have audited the accompanying financial statements of the Extraclassroom Activity Funds of the Worcester Central School District as of June 30, 2024, which comprise the Statement of Assets and Fund Balance-Cash Basis and the related Statement of Cash Receipts and Disbursements-Cash Basis for the year then ended, and the related note to the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the Extraclassroom Activity Funds of the Worcester Central School District as of June 30, 2024, and its receipts and disbursements for the year then ended, in accordance with the basis of accounting as described in Note 1.

Management's Responsibility for the Financial Statements

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

Basis of Accounting

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 basic 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 basic 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 basic 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 Worcester Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Worcester Central School District's ability to continue as a going concern for a reasonable period of time.

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

Raymond G. Preusser, CPA, P.C.

Claverack, New York
September 20, 2024

WORCESTER CENTRAL SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCE-CASH BASIS
June 30, 2024

ASSETS

Cash	<u>\$ 44,186.12</u>
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FUND BALANCE

Fund Balance	<u>\$ 44,186.12</u>
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See auditor's report. See note to financial statements.

WORCESTER CENTRAL SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-CASH BASIS
Year ended June 30, 2024

Activities Per General Ledger	Balances 7/1/2023	Receipts	Disburse- ments	Balances 6/30/2024
Art Club	\$ 66.88	\$ -	\$ -	\$ 66.88
Cheerleaders	336.04	-	250.08	85.96
Class of 2024	1,263.73	18,625.91	16,592.03	3,297.61
Class of 2025	-	4,689.00	2,784.52	1,904.48
Class of 2026	-	139.24	-	139.24
Class of 2027	-	275.50	-	275.50
FFA	-	2,900.00	-	2,900.00
Honors	4,192.35	2,230.00	3,300.73	3,121.62
Library	297.81	3,612.64	2,345.50	1,564.95
Musical	8,901.88	6,377.00	5,282.25	9,996.63
Musical Inst. Rent.	7,983.83	31,255.62	37,599.43	1,640.02
Prom	5,664.18	7,211.75	4,966.89	7,909.04
S.A.D.D.	1,183.64	350.00	864.08	669.56
Science Club	444.71	-	-	444.71
Speech & Debate	406.00	-	-	406.00
Student Council	2,016.44	1,886.00	2,041.54	1,860.90
Sales Tax	444.59	1,276.20	836.68	884.11
Varsity Club	506.30	2,284.85	1,993.72	797.43
Wolverine Pride	2,356.00	3,843.00	4,286.83	1,912.17
Yearbook Club	4,068.72	13,689.96	13,449.37	4,309.31
Totals	<u>\$ 40,133.10</u>	<u>\$ 100,646.67</u>	<u>\$ 96,593.65</u>	<u>\$ 44,186.12</u>

See auditor's report. See note to financial statements.

WORCESTER CENTRAL SCHOOL DISTRICT
NOTE TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

The Extraclassroom Activity Fund of the District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Fund is independent of the district with respect to its financial transactions, and the designation of student management. Separate financial statements are issued for the fund. The District also reports the fund in its financial statements, within the Fiduciary Fund.

The books and records of the Worcester Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets are increased when cash is received and decreased when cash is disbursed.

See auditor's report.

WORCESTER CENTRAL SCHOOL DISTRICT
AUDITOR'S FINDINGS AND EVALUATION

Cash Receipts:

We found that generally, the internal accounting controls with regards to cash receipts were adequate to maintain proper accountability beyond the point of initial recording of the cash receipts.

During our audit, we noted instances of deposit slips were lacking supporting documentation and deposits were not timely made within in the recommended 72 hour period.

We recommend that all cash receipts be properly completed and deposits be made within the three day period.

Inactive Clubs:

During our audit, we noted three student activities were financially inactive during the year.

We recommend a mid-year review just to verify that the activity is still active. If not, the remaining funds should be disposed of as prescribed by the Board of Education.

See auditor's report.

APPENDIX C

Form of Legal Opinions

LAW OFFICES

OF

Timothy R. McGill

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FAIRPORT, NEW YORK 14450

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Paralegal

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June 12, 2025

Board of Education of the
Worcester Central School District
Otsego County, New York

Re: ***Worcester Central School District
\$5,977,501 School District (Serial) Bonds, 2025***

Dear Board Members:

I have examined a record of proceedings relating to the issuance of \$5,977,501 aggregate principal amount of School District (Serial) Bonds, 2025 of the Worcester Central School District, a school district of the State of New York. The Bonds are issued as serial bonds maturing on June 15 in the following years and in the following principal amounts:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2026	\$257,501	2031	\$355,000	2036	\$455,000
2027	\$295,000	2032	\$370,000	2037	\$475,000
2028	\$305,000	2033	\$395,000	2038	\$500,000
2029	\$320,000	2034	\$410,000	2039	\$525,000
2030	\$335,000	2035	\$430,000	2040	\$550,000

The Bonds are dated June 12, 2025, bear interest at the rate or rates per annum as set forth therein, payable December 15, 2025 and semi-annually thereafter on June 15 and December 15 in each year until maturity, are subject to optional redemption as provided therein, and are issued pursuant to the Local Finance Law of the State of New York and a bond resolution adopted February 15, 2023. The proposition approving the matters set forth in the bond resolution was approved by the voters of the School District on December 14, 2022.

The Bonds are issued only in fully registered form, in the name of "Cede & Co.," as nominee for The Depository Trust Company, an automated depository for securities and

Timothy R. McGill

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June 12, 2025

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clearinghouse for securities transactions which will maintain a book-entry system for recording the ownership interests in the Bonds. Only one Bond will be initially issued for each maturity in the aggregate principal amount of such maturity. Purchases of ownership interests in the Bonds will be made in book-entry form in denominations of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of Bonds maturing in any year, except that one Bond for the 2026 maturity may be issued in a denomination which is or includes an amount less than the authorized multiple.

In my opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the Worcester Central School District and, unless paid from other sources, are payable from ad valorem taxes levied upon all the taxable real property within the School District without limitation as to rate or amount.

The School District has covenanted to comply with any requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Bonds in order that interest thereon be and remain excludable from gross income under the Code. In my opinion, under the existing statute, regulations and court decisions, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code and will continue to be so excluded if the School District continuously complies with such covenant; and under the Code, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. I express no opinion regarding other Federal income tax consequences caused by the receipt or accrual of interest on the Bonds. Further, in my opinion, interest on the Bonds is exempt from New York State and New York City personal income taxes under existing statutes.

In rendering the opinions expressed herein, I have assumed the accuracy and truthfulness of all public records, documents and proceedings examined by me which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and I also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings, and such certifications. The scope of my engagement in relation to the issuance of the Bonds has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of and interest on the Bonds as the same respectively become

LAW OFFICES

OF

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June 12, 2025

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due and payable. Reference should be made to the Official Statement prepared by the School District in relation to the Bonds for factual information which, in the judgment of the School District, could materially affect the ability of the School District to pay such principal and interest. While I have participated in the preparation of such Official Statement, I have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, I express no opinion as to whether the School District, in connection with the sale of the Bonds, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

I have examined the first executed Bond of the first year of maturity from the issue of Bonds and, in my opinion, its form and execution are regular and proper.

Very truly yours,

Timothy R. McGill, Esq.

TRM:

APPENDIX E

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 May 15, 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 proceeding 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 of whether such provision is compliant with the requires 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 bond

(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 District, any of which affect security holders, if material: and

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

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 Bond; 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 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 Bond 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 Bond). The right of holders of the Bond 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 Bond 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.

APPENDIX E

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

Appendix F
BOND INSURANCE

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At March 31, 2025:

- The policyholders' surplus of AG was approximately \$3,522 million.
- The contingency reserve of AG was approximately \$1,421 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,416 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by

reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".