

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 9, 2025

NEW ISSUE

BOND ANTICIPATION NOTES

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

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

\$6,000,000
ELLENVILLE CENTRAL SCHOOL DISTRICT
SULLIVAN AND ULSTER COUNTIES, NEW YORK

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

Dated: September 30, 2025

Due: June 26, 2026

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

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

If the Notes are registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the offices of the School District, or, at the option of the purchaser, at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Paying agent fees, if any, shall be the responsibility of the purchaser. In such case, one fully registered note certificate will be issued for the Notes. One Note certificate will be issued to each purchaser requesting certified Notes for each Note bearing the same interest rate.

If the Notes are issued in book-entry-only form, Beneficial Owners will not receive certificates representing their ownership interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. Payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of an unqualified legal opinion as to the validity of the Notes of Barclay Damon LLP, Albany, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey or Albany or Ellenville, New York on or about September 30, 2025.

Facsimile or telephone bids will be received Tuesday, September 16, 2025, until 11:00 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale.

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

DATED: September __, 2025

**ELLENVILLE CENTRAL SCHOOL DISTRICT
ULSTER COUNTY, NEW YORK**

School District Officials

2025-26 BOARD OF EDUCATION

Philip Matracion – President
Rev. Julius Collins – Vice President

Willie Bruce, Jr.
John Burns
Iris Friedman
Jody Little
Ethan Lonstein
Daniel McQuillan
Lisa Ramirez

Lisa A. Wiles - Superintendent of Schools
Kelly White – Deputy Superintendent
Scott Prokosch – Assistant Superintendent for Personnel and Curriculum & Instruction Support
Vincent Napoli – Assistant Superintendent for Business
Michele Moloney – Interim School Business Manager
Susanna Schwall – School District Treasurer
Marisol Hembdt – District Clerk

School District Attorneys

Thomas, Drohan, Waxman, Petigrow & Mayle, LLP

BOND COUNSEL

Barclay Damon LLP

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

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OFFICIAL STATEMENT

of the

ELLENVILLE CENTRAL SCHOOL DISTRICT SULLIVAN AND ULSTER COUNTIES, NEW YORK

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

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

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

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

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

Description of the Notes

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

The Notes will be dated September 30, 2025, and will mature, without option of prior redemption, on June 26, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

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

If the Notes are registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds by the District at the District offices or, at the option of the purchaser(s), at a corporate trust office of a bank or trust company located and authorized to do business in the State of New York. The purchaser shall be responsible for the cost of such corporate trust office or bank.

Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

Purpose and Authorization

The Notes are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, the Local Finance Law, and a bond resolution dated August 19, 2025, authorizing the issuance of up to \$19,730,300 of serial bonds and the expenditure of \$2,500,000 from the Capital Reserve Fund to finance the construction and reconstruction of various school buildings, facilities and sites, construct a new press box and multi-purpose concession/restroom/storage building, acquire original furnishings, equipment, machinery or apparatus and pay costs incidental thereto.

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

Book-Entry Only System

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The Ellenville Central School District, formed in 1951, is located in the Towns of Wawarsing and Rochester in Sullivan and Ulster Counties and the Town of Mamakating in Sullivan County. The School District is located approximately 2 hours from both New York City and the Capital Region.

The School District is served by an excellent network of State highways. Bus service is available in the Village of Ellenville, and rail service in Poughkeepsie and Middletown. Air transportation is available in nearby Newburgh.

The School District is located in the Shawangunk Mountains, often referred to as “the Southern Catskills”.

Water and sewer services are provided primarily by the Village of Ellenville, as are fire and police protection. Electricity is provided by Central Hudson; telephone service by Verizon New York Inc. Additional police protection is provided by the County Sheriff’s Departments and the New York State Police.

The School District provides public education for grades Pre-K-12. Opportunities for higher education include the State University of New Paltz, as well as the Community Colleges located in Ulster, Orange and Sullivan Counties.

School District residents find commercial and financial services in the Town of Wawarsing. Recreational and cultural facilities are easily accessible including the close proximity to numerous resorts, camping, fishing, boating and skiing areas.

District Population

The 2023 population of the School District is estimated to be 12,503. (Source: 2023 U.S. Census Bureau estimate)

Economic Developments

Cresco Labs has broken ground in Ellenville on a campus that will be the cannabis wholesaler’s cultivation and manufacturing hub.

A developer has acquired the former Nevele site and plans to build high-end residential homes on that site.

Selected Wealth and Income Indicators

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

| | <u>Per Capita Income</u> | | | <u>Median Family Income</u> | | |
|-------------|--------------------------|------------------|------------------|-----------------------------|------------------|------------------|
| | <u>2006-2010</u> | <u>2016-2020</u> | <u>2019-2023</u> | <u>2006-2010</u> | <u>2016-2020</u> | <u>2019-2023</u> |
| Towns Of: | | | | | | |
| Rochester | \$26,873 | \$36,140 | \$54,765 | \$60,701 | \$66,004 | \$106,071 |
| Mamakating | 28,333 | 28,790 | 38,515 | 73,101 | 75,140 | 96,974 |
| Wawarsing | 18,380 | 22,992 | 31,584 | 50,588 | 55,519 | 81,443 |
| Village Of: | | | | | | |
| Ellenville | 17,735 | 21,035 | 32,973 | 42,062 | 51,719 | 88,333 |
| County Of: | | | | | | |
| Ulster | 28,954 | 31,760 | 45,702 | 70,513 | 76,101 | 110,044 |
| Sullivan | 23,422 | 27,068 | 40,474 | 57,388 | 63,506 | 88,086 |
| 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> |
|------------------------------|---------------|-------------------|---------------------------------|--|
| Ellenville Elementary School | Pre-K-6 | 1954 | 1,023 | 2023 |
| Ellenville Jr/Sr High School | 7-12 | 1935/1997 | 1618 | 2021 |

Source: District Officials

District Employees

The District employs a total of 258 full-time and 39 part-time employees with representation by the various units listed below.

| <u>Bargaining Unit</u> | <u>Employees</u> | <u>Expiration Date</u> |
|-------------------------------------|------------------|------------------------|
| Ellenville Teachers' Association | 170 | 6/30/2026 |
| Ellenville School Related Personnel | 103 | 6/30/2030 |
| Ellenville Administrative | 14 | 6/30/2026 |

Historical and Projected Enrollment

| <u>Fiscal Year</u> | <u>Actual</u> | <u>Fiscal Year</u> | <u>Projected</u> |
|--------------------|---------------|--------------------|------------------|
| 2020-21 | 1,517 | 2025-26 | 1,429 |
| 2021-22 | 1,533 | 2026-27 | 1,429 |
| 2022-23 | 1,455 | 2027-28 | 1,429 |
| 2023-24 | 1,428 | 2028-29 | 1,429 |
| 2024-25 | 1,429 | 2029-30 | 1,429 |

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 1, 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 2019-20 through 2023-24 fiscal years and the budgeted figures for the 2024-2025 and 2025-2026 fiscal years are as follows:

| <u>Fiscal Year</u> | <u>ERS</u> | <u>TRS</u> |
|----------------------|------------|--------------|
| 2019-2020 | \$ 592,568 | \$ 1,506,029 |
| 2020-2021 | 662,403 | 1,467,604 |
| 2021-2022 | 431,328 | 1,652,357 |
| 2022-2023 | 590,622 | 1,791,558 |
| 2023-2024 | 641,450 | 1,798,587 |
| 2024-2025 (Budgeted) | 569,002 | 1,825,910 |
| 2025-2026 (Budgeted) | 579,929 | 1,761,537 |

Source: District records

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

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

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

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

| <u>Fiscal Year</u> | <u>ERS</u> | <u>TRS</u> |
|--------------------|------------|------------|
| 2020-2021 | 14.6 | 9.53 |
| 2021-2022 | 16.2 | 9.80 |
| 2022-2023 | 11.6 | 10.29 |
| 2023-2024 | 13.1 | 9.76 |
| 2024-2025 | 15.2 | 10.02 |
| 2025-2026 | 16.5 | 9.59 |

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 are 12% for ERS and 12.5% for TRS. The pension contribution rates under this program would reduce near-term payments for employers; but will require higher than normal contributions in later years.

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

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

balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a Reserve for TRS contributions in the 2020-21 fiscal year. The current balance in said fund is \$50,000.

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

Other Post-Employment Benefits

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

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

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

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

Based on the most recent actuarial valuation dated June 30, 2022 and financial data as of June 30, 2024 the School District's beginning year total OPEB liability was \$104,361,676, the net change for the year was (\$2,957,180) resulting in a total OPEB liability of \$101,404,496 for a fiscal year ending June 30, 2024. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2024 financial statements.

The total OPEB liability is required to be determined through an actuarial valuation every two years, at a minimum. However, OPEB plans with fewer than 100 members may use an alternative measurement method in place

of an actuarial valuation. Additional information about GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

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> |
|--------------------------------------|---------------------------|--------------------------------------|
| Eastern/Ulster Correctional Facility | Prison | 847 |
| Kohl's New York | Warehouse | 350 |
| Ellenville CSD | Education | 290 |
| Walmart | Retail | 200 |
| Ellenville Regional Hospital | Health Care | 200 |

Source: District Officials

Unemployment Rate Statistics

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

| <u>Year</u> | <u>Ulster County Unemployment Rate</u> | <u>Sullivan County Unemployment Rate</u> | <u>New York State Unemployment Rate</u> | <u>U.S. Unemployment Rate</u> |
|-------------|--|--|---|---------------------------------------|
| 2020 | 8.0% | 8.8% | 10.0% | 8.1% |
| 2021 | 4.7% | 4.9% | 6.9% | 5.3% |
| 2022 | 3.2% | 3.3% | 4.3% | 3.6% |
| 2023 | 3.4% | 3.3% | 4.2% | 3.6% |
| 2024 | 3.6% | 3.6% | 4.3% | 4.0% |

| | <u>2024-2025 Monthly Figures</u> | | | | | | | | | | | |
|-----------------|---|------|------|------|------|------|------|------|------|------|------|------|
| | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May |
| Ulster County | 3.5% | 4.0% | 3.8% | 3.1% | 3.1% | 3.1% | 3.2% | 4.0% | 4.3% | 3.8% | 2.9% | 2.9% |
| Sullivan County | 3.2% | 3.6% | 3.5% | 3.0% | 3.1% | 3.2% | 3.3% | 4.1% | 4.5% | 3.9% | 2.9% | 2.8% |
| New York State | 4.3% | 4.8% | 4.8% | 4.0% | 4.2% | 4.2% | 4.2% | 4.6% | 4.3% | 4.1% | 3.7% | 3.5% |

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

The Board of Education, the policy-making body of the School District, consists of nine members with overlapping three-year terms so that an equal number is elected to the Board each year. The President and the Vice President are selected by the Board members.

The duties of the administrative officers of the School District include the implementation of the policies of the Board of Education and the supervision of the operation of the school system.

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 2023-24 fiscal year was adopted by the qualified voters by a vote of 179 yes to 41 no. The School District's 2023-24 Budget remained within the School District Tax Cap imposed by Chapter 97.

The budget for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024 by a vote of 111 yes to 21 no. The School District's 2024-25 Budget remained within the School District Tax Cap imposed by Chapter 97.

The budget for the 2025-26 fiscal year was adopted by the qualified voters on May 20, 2025 by a vote of 252 yes to 109 no. The School District's 2025-26 Budget remains within the School District Tax Cap imposed by Chapter 97.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2025-26 fiscal year, approximately 49.45% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include but are not limited to reductions in State agency operations; delays or reductions in payments to

local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

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

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

Federal Aid Received by the State –

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

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

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

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

State Aid History

The State's 2020- 2021 Enacted Budget - Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education

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

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

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

The State's 2023-24 Enacted Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%. The States 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding established new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million was 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 provided \$35.9 billion in State funding to school districts for the 2024-25 school year. This represented an increase of \$1.3 billion compared to the 2023-24 school year and included a \$934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Enacted Budget maintained the "save harmless" provision, which ensured a school district received at least the same amount of Foundation Aid as it received in the prior year. The State's 2024-25 Enacted Budget also authorized a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

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

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

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

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

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights v. State of New York* ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the *Campaign for Fiscal Equity* case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs' causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *Campaign for Fiscal Equity* case that absent "gross education inadequacies", claims regarding

State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021, Governor Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the Campaign for Fiscal Equity cases, and has been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York to phase-in full funding of Foundation Aid by the FY 2024 budget. In the 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund the Foundation Aid by FY 2024 budget and enacted this commitment into law. A breakdown of the currently anticipated Foundation Aid funding is available below:

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

The following table illustrates the percentage of total revenue of the District for each of the below fiscal years comprised of State aid, and the budgeted figures for 2025-2026 fiscal year.

| Fiscal Year | Total Revenues | Total State Aid | Percentage of Total Revenues Consisting of State Aid |
|-----------------------|----------------|-----------------|--|
| 2019-2020 | \$ 49,424,082 | \$ 23,209,044 | 46.96% |
| 2020-2021 | 50,152,890 | 22,788,114 | 45.44 |
| 2021-2022 | 50,802,563 | 23,592,324 | 46.44 |
| 2022-2023 | 54,411,573 | 26,007,817 | 47.80 |
| 2023-2024 | 58,691,920 | 28,954,996 | 49.33 |
| 2024-2025 (Projected) | 60,871,160 | 29,779,945 | 48.92 |
| 2025-2026 (Budgeted) | 63,053,679 | 31,177,969 | 49.44 |

Source: Audited financial statements for the 2019-2020 fiscal year through the 2024-2025 and the budgeted figures for 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 | 6.7 |
| 2020 | No Designation | 13.3 |

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

State Comptroller Report of Examination

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

The most recent State Comptroller audit report of the District dated June 24, 2022, reported on the results of the audit conducted to determine whether the District's officials ensured network user accounts were adequately managed.

Key Findings

- District officials did not ensure network user accounts were adequately managed. In addition, sensitive information technology (IT) control weaknesses which were communicated confidentially to officials.
- District officials should have disabled 550 network user accounts that were no longer needed. Of the 550 unneeded accounts, 462 were not used to log into the District's IT system in at least six months from the date of test.
- District officials should have written procedures for granting, changing or disabling network user accounts.

Key Recommendations

- Develop written procedures for granting, changing and disabling user accounts.
- Maintain a list of authorized user accounts and routinely evaluate and disable any unnecessary user accounts.

A corrective action plan has been put in place and the District has started to implement the new procedures.

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

There are no recent State Comptrollers audits of the District that are currently in progress or pending release.

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

Other Information

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

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

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

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

Financial Statements

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

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

TAX INFORMATION
Assessed and Full Valuations

Fiscal Year Ended
June 30:

| | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|-----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Assessed Valuations: | | | | | |
| Rochester | \$ 8,666,581 | \$ 8,502,051 | \$ 8,349,378 | \$ 8,186,082 | \$ 8,006,338 |
| Mamakating | 62,002,072 | 73,053,766 | 72,943,290 | 71,271,307 | 72,168,815 |
| Wawarsing | <u>1,031,539,879</u> | <u>1,039,740,361</u> | <u>1,040,360,039</u> | <u>1,052,116,753</u> | <u>1,055,621,876</u> |
| Total | \$ <u>1,102,208,532</u> | \$ <u>1,121,296,178</u> | \$ <u>1,121,652,707</u> | \$ <u>1,131,574,142</u> | \$ <u>1,135,797,029</u> |
| Equalization Rates: | | | | | |
| Rochester | 100.00% | 72.00% | 63.00% | 58.00% | 53.00% |
| Mamakating | 59.00% | 45.50% | 37.50% | 36.00% | 34.00% |
| Wawarsing | 91.00% | 81.00% | 71.00% | 70.00% | 60.00% |
| Full Valuations: | | | | | |
| Rochester | \$ 8,666,581 | \$ 11,808,404 | \$ 13,252,981 | \$ 14,113,934 | \$ 15,106,298 |
| Mamakating | 105,088,258 | 160,557,727 | 194,515,440 | 197,975,853 | 212,261,221 |
| Wawarsing | <u>1,133,560,307</u> | <u>1,283,630,075</u> | <u>1,465,295,830</u> | <u>1,503,023,933</u> | <u>1,759,369,793</u> |
| Total | \$ <u>1,247,315,145</u> | \$ <u>1,455,996,207</u> | \$ <u>1,673,064,251</u> | \$ <u>1,715,113,720</u> | \$ <u>1,986,737,312</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>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|------------|-------------|-------------|-------------|-------------|-------------|
| Rochester | \$ 20.38 | \$ 25.01 | \$ 25.99 | \$ 28.17 | \$ 27.83 |
| Mamakating | 34.54 | 39.57 | 43.66 | 45.38 | 43.39 |
| Wawarsing | 22.39 | 22.23 | 23.06 | 23.34 | 24.59 |

Tax Collection Procedure

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

Tax Collection Record

| Fiscal Year Ended June 30: | 2021 | 2022 | 2023 | 2024 | 2025* |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| General Fund | | | | | |
| Tax Levy | \$25,012,758 | \$25,458,691 | \$26,214,480 | \$27,393,118 | \$28,050,464 |
| Omissions/Loss of Exemptions - | | | | | |
| Prior Years | 0 | 0 | 7,972 | 15,033 | 32,127 |
| Levy for Library | 962,681 | 914,547 | 923,692 | 924,692 | 943,185 |
| Total Levy for All Purposes | \$25,975,439 | \$26,373,238 | \$27,146,144 | \$28,332,843 | \$29,025,776 |
| Excess/(Deficit) on | | | | | |
| Tax Rolls | 0 | 0 | 0 | 0 | 0 |
| Taxes Cancelled | 6 | 0 | 4803 | 0 | 0 |
| Net Taxes on Roll | \$25,975,439 | \$26,373,238 | \$27,141,341 | \$28,332,843 | \$28,993,648 |
| STAR Program | 1,489,078 | 1,391,917 | 1,264,507 | 1,170,568 | 1,092,298 |
| Net Taxes After STAR Program | \$24,467,645 | \$24,981,321 | \$25,876,834 | \$27,162,275 | \$27,901,350 |
| Taxes Collected | | | | | |
| Prior to Return | 22,896,986 | 22,461,343 | 24,035,803 | 25,217,097 | 24,221,615 |
| Uncollected Date of Return | 1,570,659 | 2,480,193 | 1,841,032 | 1,941,972 | 3,679,735 |
| Percentage Collected | | | | | |
| Prior to Return | 93.58% | 90.06% | 92.89% | 92.85% | 86.81% |

Note: * Collection figures are as of 10/25/24.

Real Property Tax Revenues

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

| Fiscal Year | Total Revenues | Total Real Property Taxes | Percentage of Total Revenues Consisting of Real Property Taxes |
|-----------------------|----------------|------------------------------|---|
| 2019-2020 | \$ 49,424,082 | \$ 22,847,095 | 46.23% |
| 2020-2021 | 50,152,890 | 23,522,892 | 46.90 |
| 2021-2022 | 50,802,563 | 24,018,097 | 47.28 |
| 2022-2023 | 54,411,573 | 24,948,506 | 45.85 |
| 2023-2024 | 58,691,920 | 26,144,085 | 44.54 |
| 2024-2025 (Projected) | 60,871,160 | 28,050,463 | 46.08 |
| 2025-2026 (Budgeted) | 63,053,679 | 29,318,344 | 46.49 |

Source: Audited financial statements for the 2019-2020 fiscal year through 2024-2025 fiscal year and budgeted figures 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>Full Value</u> |
|--------------------------------|---------------------|---------------------|
| City of New York - DEP | Water Supply | \$556,984,493 |
| Central Hudson Gas & Electric | Utility Company | 39,384,439 |
| Kohl's Inc. | Large Retail Outlet | 29,437,500 |
| New York State Land | State Owned Land | 25,773,656 |
| Blue Sky Homes LLC | Mobile Home Park | 13,984,973 |
| Ellenville Real Estate Holding | Real Estate | 12,839,000 |
| Wal-Mart Real Estate Business | Large Retail Outlet | 11,134,858 |
| Palisades Interstate Park Comm | Public Parks | 10,696,858 |
| JDRC Ellenville, LLC | | 9,226,572 |
| SR Plaza Equity Partners SR Pl | Large Retail Outlet | 8,551,429 |
| Total | | <hr/> \$718,013,778 |

1. The above taxpayers represent 41.8% of the School District's 2024-25 Full value of \$1,715,113,720.

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

General Fund Operations

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

STAR – School Tax Exemption

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

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

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-16 school year (generally, March 1,

2015), and the property was granted a STAR exemption on that assessment roll. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-16 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

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

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

TAX LEVY LIMITATION LAW

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

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

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

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

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

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

Status of Indebtedness

Debt Outstanding End of Fiscal Year

| Fiscal Year Ending June 30: | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Serial Bonds | \$ 11,370,000 | \$ 10,570,000 | \$ 9,755,000 | \$ 8,955,000 | \$ 8,135,000 |
| Bond Anticipation Notes | - | - | 5,000,000 | 12,720,000 | 13,360,000 |
| Total Debt Outstanding | \$ 11,370,000 | \$ 10,570,000 | \$ 14,755,000 | \$ 21,675,000 | \$ 21,495,000 |

Status of Outstanding Bond Issues

| | | | | |
|--------------------------------|----------------------|-----------------|------------------|-----------------|
| Year of Issue: | 2018 | | 2024 | |
| Amount Issued: | \$12,703,563 | | \$987,500 | |
| Purpose/Instrument: | Building/Serial Bond | | CVA | |
| Fiscal Year Ending June 30: | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2026 | \$ 845,000 | \$ 222,719 | 190,000 | 38,756 |
| 2027 | 875,000 | 197,369 | 195,000 | 30,225 |
| 2028 | 860,000 | 171,119 | 200,000 | 20,865 |
| 2029 | 885,000 | 145,319 | 205,000 | 10,865 |
| 2030 | 915,000 | 118,769 | - | - |
| 2031 | 945,000 | 91,319 | - | - |
| 2032 | 975,000 | 62,969 | - | - |
| 2033 | 680,000 | 32,500 | - | - |
| 2034 | <u>320,000</u> | <u>10,400</u> | <u>-</u> | <u>-</u> |
| Totals: | \$ 7,300,000 | \$ 1,052,481 | \$ 790,000 | \$ 100,711 |

| | | | | |
|--------------------------------|------------------|-----------------|------------------|-----------------|
| Year of Issue | 2025 | | 2025 | |
| Amount Issued: | \$5,145,000 | | \$12,135,000 | |
| Purpose/Instrument: | DASNY | | DASNY | |
| Fiscal Year ending June 30: | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2026 | \$ - | \$ 331,567 | \$ 495,000 | \$ 782,033 |
| 2027 | 445,000 | 257,250 | 745,000 | 582,000 |
| 2028 | 265,000 | 235,000 | 680,000 | 544,750 |
| 2029 | 275,000 | 221,750 | 715,000 | 510,750 |
| 2030 | 285,000 | 208,000 | 750,000 | 475,000 |
| 2031 | 310,000 | 193,750 | 770,000 | 437,500 |
| 2032 | 330,000 | 178,250 | 800,000 | 399,000 |
| 2033 | 350,000 | 161,750 | 870,000 | 359,000 |
| 2034 | 370,000 | 144,250 | 895,000 | 315,500 |
| 2035 | 370,000 | 125,750 | 900,000 | 270,750 |
| 2036 | 395,000 | 107,250 | 930,000 | 225,750 |
| 2037 | 415,000 | 87,500 | 975,000 | 179,250 |
| 2038 | 425,000 | 66,750 | 870,000 | 130,500 |
| 2039 | 445,000 | 45,500 | 920,000 | 87,000 |
| 2040 | <u>465,000</u> | <u>23,250</u> | <u>820,000</u> | <u>41,000</u> |
| Totals: | \$ 5,145,000 | \$ 2,387,567 | \$ 12,135,000 | \$ 5,339,783 |

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> |
|--------------------------------|------------------|-----------------|-------------------------------|--------------|
| 2026 | \$ 1,530,000 | \$ 1,375,075 | \$ 2,905,075 | 8.48% |
| 2027 | 2,260,000 | 1,066,844 | 3,326,844 | 18.20% |
| 2028 | 2,005,000 | 971,734 | 2,976,734 | 26.89% |
| 2029 | 2,080,000 | 888,684 | 2,968,684 | 35.55% |
| 2030 | 1,950,000 | 801,769 | 2,751,769 | 43.59% |
| 2031 | 2,025,000 | 722,569 | 2,747,569 | 51.61% |
| 2032 | 2,105,000 | 640,219 | 2,745,219 | 59.63% |
| 2033 | 1,900,000 | 553,250 | 2,453,250 | 66.79% |
| 2034 | 1,585,000 | 470,150 | 2,055,150 | 72.79% |
| 2035 | 1,270,000 | 396,500 | 1,666,500 | 77.65% |
| 2036 | 1,325,000 | 333,000 | 1,658,000 | 82.49% |
| 2037 | 1,390,000 | 266,750 | 1,656,750 | 87.33% |
| 2038 | 1,295,000 | 197,250 | 1,492,250 | 91.69% |
| 2039 | 1,365,000 | 132,500 | 1,497,500 | 96.06% |
| 2040 | <u>1,285,000</u> | <u>64,250</u> | <u>1,349,250</u> | 100.00% |
| Totals: | \$ 25,370,000 | \$ 8,880,542 | \$ 34,250,542 | |

Cash Flow Borrowings

The District currently does not have revenue or tax anticipation notes outstanding.

Status of Short-Term Indebtedness

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

Capital Project Plans

The District voters approved a \$22,230,300 Capital Project on December 3, 202 consisting of the construction and reconstruction of various School District buildings, facilities, and sites, construction of a new press box and multi-purpose concession/restroom/storage building, acquisition of original furnishings, equipment, and machinery and payment of costs incidental thereto to be financed with the proceeds of \$19,730,300 of District obligations and expenditure of \$2,500,000 from the Capital Reserve Fund. The Notes are the first borrowing against the capital project and provided \$6,000,000 of new monies.

Building Aid Estimate

School District officials estimate that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 66.3%.

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 September 9, 2025

| <u>Town</u> | <u>Taxable Assessed Valuation</u> | <u>State Equalization</u> <u>Rate</u> | <u>Taxable Full Valuation</u> |
|--|-----------------------------------|--|-------------------------------|
| Rochester | \$ 8,006,338 | 53.00% | \$ 15,106,298 |
| Mamakating | 72,168,815 | 34.00% | 212,261,221 |
| Wawarsing | 1,055,621,876 | 60.00% | 1,759,369,793 |
| Total | | | \$ 1,986,737,312 |
| Debt Limit: 10% of Full Valuation | | | \$ 198,673,731 |
| Inclusions: | | | |
| Serial Bonds | | | \$ 25,370,000 |
| Bond Anticipation Notes | | | - |
| Total Inclusions: | | | \$ 25,370,000 |
| Exclusions: | | | |
| Building Aid Estimate | 1 | | \$0 |
| Total Exclusions: | | | \$0 |
| Total Net Indebtedness Before Giving Effect to This Issue: | | | \$ 25,370,000 |
| New Monies This Issue: | | | 6,000,000 |
| Total Net Indebtedness After Giving Effect to This Issue: | | | \$ 31,370,000 |
| Net Debt Contracting Margin | | | \$ 167,303,731 |
| Percentage of Debt-Contracting Power Exhausted | | | 15.79% |

Notes:

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

Estimated Overlapping Indebtedness

| | <u>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> |
|--------------------------|---------------------------------------|----------------|---------------------------|--------------|-------------------|-------------------------|--|
| Ulster County | \$ 1,517,137,867 \$ 26,452,283,156 | 5.74% | \$ 166,268,237 | | N/A | \$ 166,268,237 | \$ 9,536,108 |
| Sullivan County | \$ 197,975,853 \$ 10,942,913,442 | 1.81% | \$ 121,190,000 | | N/A | \$ 121,190,000 | \$ 2,192,533 |
| Town of Rochester | \$ 14,113,934 \$ 1,331,942,436 | 1.06% | \$ 100,000 | | N/A | \$ 100,000 | \$ 1,060 |
| Town of Mamakating | \$ 197,975,853 \$ 1,429,416,110 | 13.85% | \$ - | | N/A | \$ - | \$ - |
| Town of Wawarsing | \$ 1,503,023,933 \$ 1,503,023,933 | 100.00% | \$ 13,354,422 | | N/A | \$ 13,354,422 | \$ 13,354,422 |
| Village of Ellenville | \$ 160,716,909 \$ 160,716,909 | 100.00% | \$ 9,426,242 | * | N/A | \$ 9,426,242 | <u>\$ 9,426,242</u> |
| Total | | | | | | | <u><u>\$ 34,510,365</u></u> |

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2022.

Notes: 1 Bonds and Bond Anticipation notes as of 2022 fiscal year. Not adjusted to include subsequent bond and note sales.

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

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 September 9, 2025:

| | Amount | Per Capita ^(a) | Percentage of Full Value ^(b) |
|--|---------------|---------------------------|--|
| Net Indebtedness | \$ 31,370,000 | \$ 2,509.00 | 1.579% |
| Net Indebtedness Plus Net Overlapping Indebtedness | \$ 65,880,365 | \$ 5,269.16 | 3.316% |

(a) The District's estimated population is 12,503. (Source: 2023 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2025-26 is \$1,986,737,312.

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness.

Section 85.80 of the Local Finance Law contains specific authorization or any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

Cyber Security

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

Federal Policy Risk

Federal policies on trade, immigration, and other topics can shift dramatically from one administration to another. From time to time, such shifts can result in reductions to the State's level of federal funding for a variety of education, social services, health care, public safety, transportation, public health, and other federally funded programs. There can be no prediction of future changes in federal policy or the potential impact on any related federal funding that the State may or may not receive in the future.

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

TAX MATTERS

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

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

General

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

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

Certain Collateral Federal Income Tax Consequences

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

Backup Withholding and Information Reporting

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

Legislation

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

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

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

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

APPROVAL OF LEGAL PROCEEDINGS

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

CONTINUING DISCLOSURE COMPLIANCE

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

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

LITIGATION

At present, the District is named in four pending lawsuits brought under the Child Victims Act ("CVA"). The District worked with an insurance archaeologist, who found that two of these claims appear to be covered under its insurance policy at the time the claim arose, and, assuming that remains to be the case, these two lawsuits would appear to not have a potential adverse impact on the District's financial status. However, there exists the possibility

that a plaintiff may recover an amount more than the policy limits and, in that case, the District may be required to contribute money towards a settlement or pay a portion of any adverse judgment.

However, the other two CVA lawsuits appear to have no available insurance coverage as the District's insurers at the time of the alleged incidents later became insolvent.

In each of the lawsuits where there is no available insurance coverage, it is expected that the District faces a potential liability between \$250,000 and \$500,000.

There are currently no other known claims, litigation, assessments, or administrative proceedings pending or threatened against the District.

As is common, the School District is subject to a number of lawsuits in the ordinary conduct of its affairs. Other than the CVA lawsuits discussed above the School District does not believe that such suits, individually or in the aggregate, are likely to have a material adverse effect on its financial condition.

BOND RATING

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

The most recent underlying rating assigned to the School District by Moody's Investors Service, Inc. is an A1 rating, which was assigned in connection with the issuance by the School District of \$12,703,563 School District (Serial) Bonds dated June 28, 2018.

Generally, ratings agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgement of the agency originally establishing the rating circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

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

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

The School District's contact information is as follows: Sue Schwall, Treasurer, phone: (845) 647-0119; email: sschwall@ecs.k12.ny.us.

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

Ellenville Central School District

Dated: September __, 2025
Ellenville, New York

President, Board of Education
and Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

| Fiscal Year Ending June 30: | Budget | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------------|
| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
| Beginning Fund Balance - July 1 | \$7,649,497 | \$7,053,073 | \$10,428,478 | \$11,676,272 | \$13,428,023 | \$14,013,449 ^E |
| <u>Revenues:</u> | | | | | | |
| Real Property Taxes | \$22,847,095 | \$23,522,892 | \$24,018,097 | \$24,948,506 | \$26,144,085 | \$28,050,463 |
| Other Tax Items | 2,055,574 | 1,983,346 | 1,868,431 | 1,405,238 | 1,319,869 | 89,474 |
| Charges for Services | 56,624 | 155 | 10,843 | 7,224 | 10,543 | 100,000 |
| Use of Money & Property | 25,953 | 22,832 | 25,709 | 274,304 | 604,479 | 350,000 |
| Sale of Property/Comp. for Loss | 1,860 | 0 | 327 | 21,644 | 30,806 | 0 |
| Miscellaneous | 1,134,066 | 1,141,960 | 1,178,383 | 1,736,436 | 1,482,440 | 550,000 |
| State Aid | 23,209,044 | 22,788,114 | 23,592,324 | 26,007,817 | 28,954,996 | 29,667,123 |
| Federal Aid | 83,878 | 684,944 | 0 | 10,404 | 0 | 1,560,851 |
| Interfund Transfer | <u>9,988</u> | <u>8,647</u> | <u>108,449</u> | <u>139,475</u> | <u>144,702</u> | <u>0</u> |
| Total Revenues | \$49,424,082 | \$50,152,890 | \$50,802,563 | \$54,551,048 | \$58,691,920 | \$60,367,911 |
| <u>Expenditures:</u> | | | | | | |
| General Support | \$4,970,593 | \$5,447,608 | \$5,741,995 | \$6,578,812 | \$7,427,026 | \$7,732,199 |
| Instruction | 27,022,539 | 25,115,929 | 27,117,948 | 27,586,818 | 30,849,333 | 34,283,008 |
| Transportation | 3,881,866 | 2,907,141 | 3,749,814 | 4,484,398 | 4,684,289 | 5,066,403 |
| Employee Benefits | 12,719,430 | 12,019,586 | 11,519,449 | 12,303,801 | 12,944,709 | 14,359,607 |
| Debt Service | 1,153,369 | 1,144,819 | 1,247,371 | 1,649,714 | 2,049,718 | 3,197,248 |
| Interfund Transfer | <u>272,709</u> | <u>142,402</u> | <u>178,192</u> | <u>195,754</u> | <u>151,419</u> | <u>105,000</u> |
| Total Expenditures | \$50,020,506 | \$46,777,485 | \$49,554,769 | \$52,799,297 | \$58,106,494 | \$64,743,465 |
| Adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| Year End Fund Balance | \$7,053,073 | \$10,428,478 | \$11,676,272 | \$13,428,023 | \$14,013,449 | \$9,637,895 ^E |
| Excess (Deficit) Revenues Over Expenditures | (\$596,424) | \$3,375,405 | \$1,247,794 | \$1,751,751 | \$585,426 | (\$4,375,554) ¹ |

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

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

General Fund – Budget Summary

2025-26 Adopted Budget

Revenues:

| | |
|---------------------------|---------------------|
| Real Property Taxes | \$29,318,344 |
| Other Tax Items | 89,474 |
| Charges for Services | 100,000 |
| Use of Money & Property | 500,000 |
| Miscellaneous | 550,000 |
| State Aid | 31,181,346 |
| Federal Aid | 1,317,892 |
| Appropriated Fund Balance | 5,550,715 |
| Total Revenues | <u>\$68,607,771</u> |

Expenditures:

| | |
|---------------------|---------------------|
| General Support | 8,527,018 |
| Instruction | 37,171,103 |
| Transportation | 5,271,598 |
| Employee Benefits | 13,986,189 |
| Debt Service | 3,551,863 |
| Interfund Transfers | 100,000 |
| Total Expenditures | <u>\$68,607,771</u> |

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

General Fund – Comparative Balance Sheet

| Fiscal Year Ending June 30: | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assets: | | | | | |
| Unrestricted Cash | 6,246,849 | 5,801,484 | 5,539,526 | 6,061,338 | 7,661,392 |
| Restricted Cash | 861,809 | 4,672,452 | 6,556,245 | 8,412,777 | 6,880,127 |
| Accounts Receivable | 67,048 | 39,520 | 26,647 | 414,037 | 59,999 |
| Due from Other Funds | 2,895,358 | 2,700,970 | 2,171,734 | 3,855,885 | 3,488,071 |
| Due from State & Federal | 467,656 | 628,838 | 501,726 | 599,251 | 1,066,447 |
| Due from Other Governments | 604,575 | 640,266 | 547,868 | 573,415 | 850,666 |
| Total Assets | <u>\$11,143,295</u> | <u>\$14,483,530</u> | <u>\$15,343,746</u> | <u>\$19,916,703</u> | <u>\$20,006,702</u> |
| Liabilities: | | | | | |
| Accounts Payable | \$461,491 | \$1,303,312 | \$1,201,975 | \$1,288,718 | \$780,796 |
| Accrued Liabilities | 242,577 | 576,308 | 281,730 | 452,652 | 337,824 |
| Due to Other Funds | 1,180,278 | 113,583 | 222,266 | 2,668,380 | 2,680,079 |
| Due Retirement System | 1,771,198 | 1,744,384 | 1,961,503 | 2,078,930 | 2,194,554 |
| Compensated Absences | 220,232 | 317,465 | 0 | 0 | 0 |
| Total Liabilities: | <u>\$3,875,776</u> | <u>\$4,055,052</u> | <u>\$3,667,474</u> | <u>\$6,488,680</u> | <u>\$5,993,253</u> |
| Deferred Inflows of Resources: | | | | | |
| Unearned Revenue: | \$214,446 | \$0 | \$0 | \$0 | \$0 |
| Fund Balances: | | | | | |
| Restricted | \$861,809 | \$4,672,452 | \$6,556,245 | \$8,412,777 | \$6,880,127 |
| Assigned: | | | | | |
| Encumbrances | 435,232 | 739,941 | 456,337 | 532,917 | 328,449 |
| Appropriated Fund Balance | 3,697,570 | 2,812,655 | 2,391,602 | 2,049,414 | 4,215,134 |
| Unassigned | 2,058,462 | 2,203,430 | 2,272,088 | 2,432,915 | 2,589,739 |
| Total Fund Balance | <u>\$7,053,073</u> | <u>\$10,428,478</u> | <u>\$11,676,272</u> | <u>\$13,428,023</u> | <u>\$14,013,449</u> |
| Total Liabilities and Fund Balance | <u>\$11,143,295</u> | <u>\$14,483,530</u> | <u>\$15,343,746</u> | <u>\$19,916,703</u> | <u>\$20,006,702</u> |

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

APPENDIX B

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

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

ELLENVILLE CENTRAL SCHOOL DISTRICT

**Financial Statements and
Required Report as of
June 30, 2024
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

ELLENVILLE CENTRAL SCHOOL DISTRICT

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ELLENVILLE CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 25, 2024

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Albany, NY 12205
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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Bonadio & Co., LLP

ELLENVILLE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

Financial Highlights

- Government-wide net position of the School District is (\$104,208,540).
- The School District experienced a decrease of \$3,653,175 in total net position during the year, which is primarily the result of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions expense of \$3,785,828.
- The School District appropriated \$4,215,134 of its fund balance to balance the 2024-2025 budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

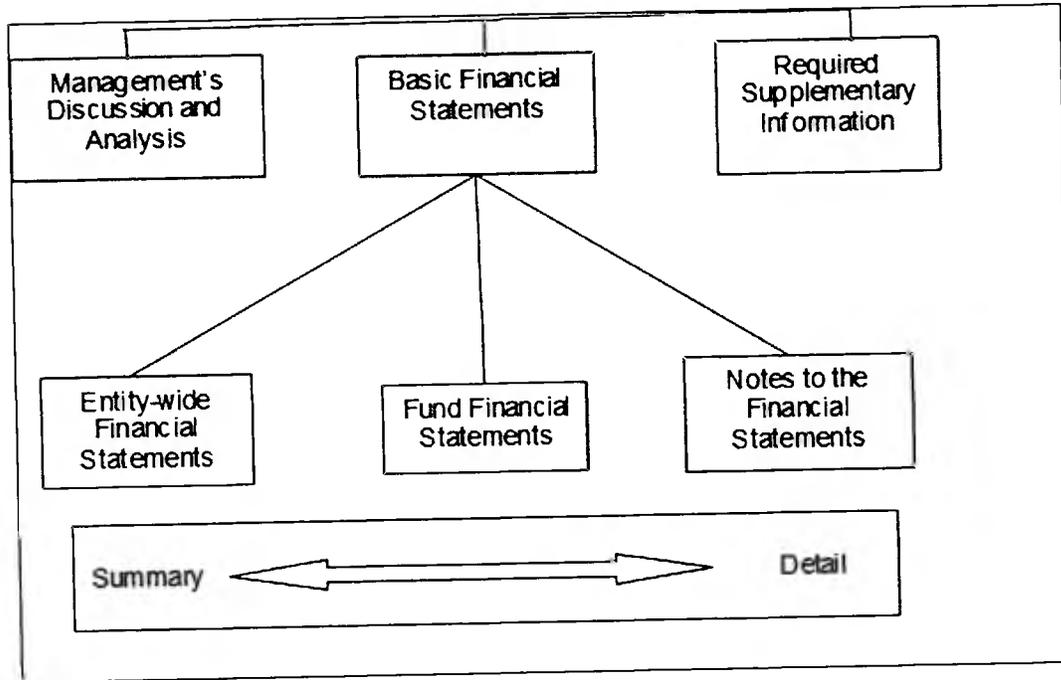


Table A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

| | Fund Financial Statements | | |
|---|--|---|--|
| | School District-Wide | Governmental Funds | Fiduciary Funds |
| Scope | Entire School District (except fiduciary funds) | The day-to-day operating activities of the School District, such as instruction and special education. | Instances in which the School District administers resources on behalf of someone else, such as scholarship programs. |
| Required financial statements | Statement of Net Position Statement of Activities | Balance sheet Statement of revenue, expenditures, and changes in fund balance. | Statement of fiduciary net position Statement of changes in fiduciary net position. |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus. | Modified accrual accounting and current financial focus. | Accrual accounting and economic resources focus. |
| Type of asset & deferred outflow/liability & deferred inflow information | All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, short-term and long-term. | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included. | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can. |
| Type of inflow/outflow information | All revenue and expenses during year, regardless of when cash is received or paid. | Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. | All additions and deductions during the year, regardless of when cash is received or paid. |

School District-Wide Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

School District-Wide Statements (Continued)

The two School District-wide statements report the School District's net position and how they have changed. Net position – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors, such as changes in the property tax bases and the condition of buildings and other facilities, should be considered.

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

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

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

Fund Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the School District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship funds. The School 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 School District excludes these activities from the School District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's net position as of June 30, 2024 is as detailed in Tables A-3 and A-4.

Table A-3: Condensed Statement of Net Position (In Thousands of Dollars)

| | <u>Fiscal Year 2024</u> | <u>Fiscal Year 2023</u> | <u>Percent Change</u> |
|--------------------------------|-----------------------------|-----------------------------|---------------------------|
| Current and other assets | \$ 23,575 | \$ 27,701 | -14.9% |
| Capital assets, net | <u>26,856</u> | <u>24,960</u> | 7.6% |
| Total assets | <u>50,431</u> | <u>52,661</u> | -4.2% |
| Deferred outflows of resources | <u>20,476</u> | <u>32,194</u> | -36.4% |
| Current liabilities | 22,897 | 19,303 | 18.6% |
| Long-term liabilities | <u>108,968</u> | <u>117,531</u> | -7.3% |
| Total liabilities | <u>131,865</u> | <u>136,834</u> | -3.6% |
| Deferred inflows of resources | <u>43,251</u> | <u>48,577</u> | -11.0% |
| Net position: | | | |
| Investment in capital assets | 9,214 | 10,748 | -14.3% |
| Restricted | 11,033 | 16,134 | -31.6% |
| Unrestricted | <u>(124,456)</u> | <u>(127,437)</u> | -2.3% |
| Total net position | <u>\$ (104,209)</u> | <u>\$ (100,555)</u> | 3.6% |

During 2024, the School District's net position decreased by \$3,653,175 (See Table A-3). The decrease in assets is primarily a result of a decrease in cash in 2024. The decrease in deferred outflows of resources was primarily the result of assumptions for net pension liabilities and other post-employment benefits liability as determined in the actuary reports. Additionally, long-term liabilities decreased as a result of the decrease in other post-employment benefits liability resulting from the change in assumptions, primarily the discount rate.

Changes in Net Position

The School District's fiscal year 2024 revenue totaled \$63,791,402 (see Table A-4). Real property taxes, excluding STAR, and state aid accounted for most of the School District's revenue by contributing 41% and 45%, respectively, of every dollar raised (see Chart A-5). The remainder came from fees charged for services, tuition for foster students, interest earnings, Medicaid reimbursement, and other miscellaneous sources.

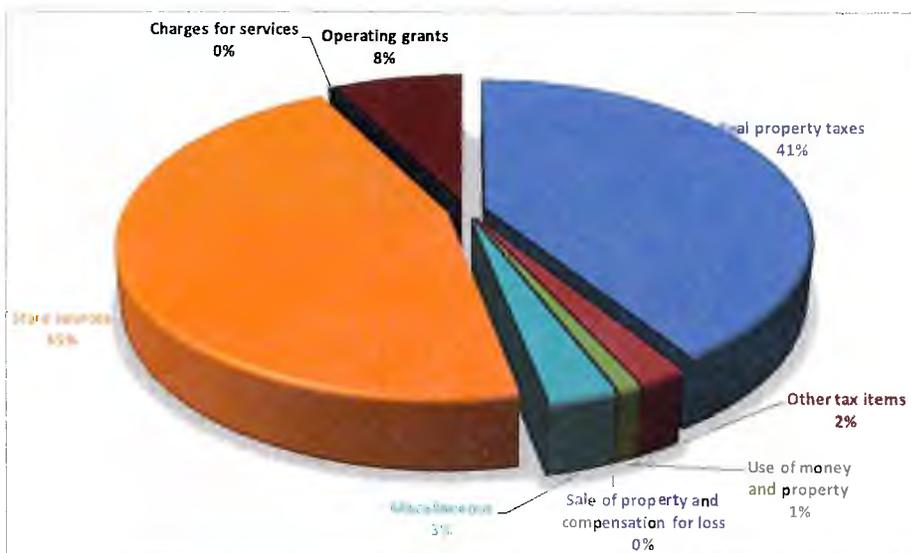
The total cost of all programs and services totaled \$67,444,577 with approximately 84% of this amount used to support general instruction, the provision of services to students with disabilities, and student transportation (see Chart A-6). The School District's Board of Education, administrative, and business activities accounted for 16% of total costs.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Table A-4: Changes in Net Position from Operating Results (In Thousands of Dollars)

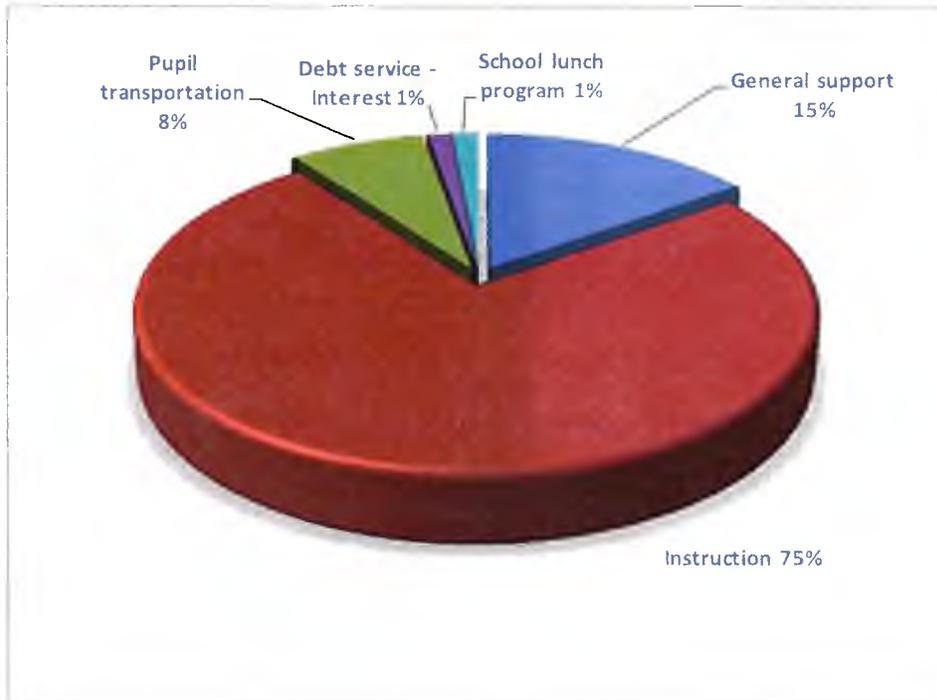
| | <u>Fiscal Year 2024</u> | <u>Fiscal Year 2023</u> | <u>Percent Change</u> |
|--|-----------------------------|-----------------------------|---------------------------|
| Revenue: | | | |
| Charges for services | \$ 44 | \$ 47 | -6.43% |
| Operating grants | 4,808 | 7,692 | -37.49% |
| General revenue: | | | |
| Property taxes | 26,144 | 24,949 | 4.79% |
| Other tax items | 1,320 | 1,405 | -6.06% |
| Use of money and property | 604 | 274 | 120.61% |
| State sources | 29,021 | 26,323 | 10.25% |
| Sale of property and compensation for loss | 31 | 22 | 40.03% |
| Medicaid reimbursement | - | 6 | -100.00% |
| Miscellaneous | 1,819 | 2,021 | -9.97% |
| Total revenue | <u>63,791</u> | <u>62,739</u> | 1.68% |
| Expenses: | | | |
| General support | 10,188 | 9,275 | 9.84% |
| Instruction | 50,394 | 48,200 | 4.55% |
| Pupil transportation | 5,054 | 4,876 | 3.65% |
| Debt service - Interest | 842 | 496 | 69.82% |
| School lunch program | 967 | 911 | 6.10% |
| Total expenses | <u>67,445</u> | <u>63,758</u> | 5.78% |
| Change in net position | <u>\$ (3,653)</u> | <u>\$ (1,019)</u> | 258.51% |

Chart A-5: Sources of Revenue for Fiscal Year 2024:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Chart A-6: Expenditures for Fiscal Year 2024:



Governmental Activities

Revenue for the School District's governmental activities totaled approximately \$63.7 million, or 1.7% greater than the previous fiscal year. Total expenditures equaled approximately \$67.4 million or 5.8% more than the previous fiscal year. The net decrease in position is predominately a result of the increases in teacher and employee state retirement systems expenditures, increases in health insurance, increases in transportation costs and capital project expenditures.

Table A-7 presents the cost of five major School District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, capital outlay, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

ELLENVILLE CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

| | Governmental Fund Types | | | | Total Governmental Funds |
|--|-------------------------|---------------------|---------------------|--------------------|--------------------------------|
| | General | Special Aid | Capital Projects | Non-Major Funds | |
| ASSETS | | | | | |
| Cash - Unrestricted | \$ 7,661,392 | \$ 836,564 | \$ - | \$ 349,758 | \$ 8,847,714 |
| Cash - Restricted | 6,880,127 | - | 3,854,218 | 298,518 | 11,032,863 |
| Accounts receivable | 59,999 | - | - | - | 59,999 |
| Due from other funds | 3,488,071 | 547,215 | 1,284,868 | - | 5,320,154 |
| Due from other governments | 850,666 | - | - | - | 850,666 |
| State and federal aid receivable | 1,066,447 | 1,214,228 | 429,212 | 71,675 | 2,781,562 |
| Inventory | - | - | - | 2,170 | 2,170 |
| TOTAL ASSETS | \$ 20,006,702 | \$ 2,598,007 | \$ 5,568,298 | \$ 722,121 | \$ 28,895,128 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 780,796 | \$ 46,158 | \$ 451,163 | \$ 54,181 | \$ 1,332,298 |
| Due to other funds | 2,680,079 | 2,366,593 | 272,818 | 664 | 5,320,154 |
| Due to other governments | - | - | - | 352 | 352 |
| Due to Teachers' Retirement System | 1,988,683 | - | - | - | 1,988,683 |
| Due to Employees' Retirement System | 205,871 | - | - | - | 205,871 |
| Bond anticipation note payable | - | - | 13,360,000 | - | 13,360,000 |
| Accrued liabilities | 337,824 | - | 145,169 | - | 482,993 |
| Unearned revenue | - | 185,256 | - | - | 185,256 |
| TOTAL LIABILITIES | 5,993,253 | 2,598,007 | 14,229,150 | 55,197 | 22,875,607 |
| FUND BALANCE | | | | | |
| Nonspendable | - | - | - | 2,170 | 2,170 |
| Inventory | - | - | - | - | - |
| Restricted | 159,072 | - | - | - | 159,072 |
| Tax certiorari | 1,383,742 | - | - | - | 1,383,742 |
| Retirement contributions | 1,289,103 | - | - | - | 1,289,103 |
| Liability | 362,158 | - | - | - | 362,158 |
| Workers compensation | 488,175 | - | - | - | 488,175 |
| Unemployment insurance | - | - | - | 298,518 | 298,518 |
| Other | 601,280 | - | - | - | 601,280 |
| Insurance | 2,500,000 | - | 3,854,218 | - | 6,354,218 |
| Capital projects | 96,597 | - | - | - | 96,597 |
| Debt reserve | - | - | - | - | - |
| Total restricted fund balance | 6,880,127 | - | 3,854,218 | 298,518 | 11,032,863 |
| Assigned | 328,449 | - | - | 366,236 | 694,685 |
| Other assigned | 4,215,134 | - | - | - | 4,215,134 |
| Appropriated for subsequent years expenditures | - | - | - | - | - |
| Total assigned fund balance | 4,543,583 | - | - | 366,236 | 4,909,819 |
| Unassigned | 2,589,739 | - | (12,515,070) | - | (9,925,331) |
| TOTAL FUND BALANCE | 14,013,449 | - | (8,660,852) | 666,924 | 6,019,521 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 20,006,702 | \$ 2,598,007 | \$ 5,568,298 | \$ 722,121 | \$ 28,895,128 |

ELLENVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2024

| | Private Purpose Trust Funds | Custodial Funds | Total |
|-----------------------------|--------------------------------|--------------------|--------------|
| ASSETS: | | | |
| Cash - restricted | \$ 1,174,318 | \$ - | \$ 1,174,318 |
| LIABILITIES: | | | |
| Other liabilities | \$ - | \$ - | \$ - |
| NET POSITION: | | | |
| Restricted for scholarships | \$ 1,174,318 | \$ - | \$ 1,174,318 |

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

| | | | |
|---------------------------------------|--------------|---------|--------------|
| ADDITIONS: | | | |
| Interest | \$ 45,329 | \$ - | \$ 45,329 |
| Tax collections for other governments | - | 924,692 | 924,692 |
| Total additions | 45,329 | 924,692 | 970,021 |
| DEDUCTIONS: | | | |
| Payments of tax to other governments | - | 924,692 | 924,692 |
| NET INCREASE | 45,329 | - | 45,329 |
| NET POSITION - beginning of year | 1,128,989 | - | 1,128,989 |
| NET POSITION - end of year | \$ 1,174,318 | \$ - | \$ 1,174,318 |

The accompanying notes are an integral part of these statements.

ELLENVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2024

1. NATURE OF OPERATIONS

Ellenville Central School District (School District) provides K-12 public education to students living within its geographic borders.

Reporting Entity

The School District is governed by the Laws of New York State. The School District is an independent entity governed by an elected Board of Education (BOE) consisting of 9 members. The President of the Board serves as Chief Fiscal Officer and the Superintendent is the Chief Executive Officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the School 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 School District. The School 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 included in the School District's reporting entity:

- **Extraclassroom Activity Funds**
The extraclassroom activity funds of the School District represent funds of the students of the School District. The BOE exercises general oversight of these funds. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in the Miscellaneous Special Revenue Fund.

Joint Venture

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

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

1. NATURE OF OPERATIONS (Continued)

Joint Venture (Continued)

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

During the year, the School District was billed approximately \$9.6 million for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$1,895,439.

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

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Presentation

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

School District-Wide Statements

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

The statement of activities presents a comparison between direct expenses and program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The School District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. The fund statements provide information about the School 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 School District reports the following major governmental funds:

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

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

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

The School District reports the following non-major governmental funds:

School Lunch Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Miscellaneous Special Revenue Fund - This fund accounts for proceeds from various funding sources, which may be restricted by a donor or designated by the School District for specific purposes. The transactions of the Extraclassroom Activity Funds and scholarships are included in this fund.

Fiduciary Funds

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

There are two types of fiduciary funds:

- Private purpose trust funds - These funds are used to account for trust arrangements in which principal and income are used to fund annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.
- Custodial funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

The School District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions in which the School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety 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, compensated absences, other postemployment benefits and long-term pension obligation, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

Cash

The School 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 School 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 School Districts.

Cash equivalents are stated at fair value.

Restricted Cash

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

Accounts Receivable

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

Inventory

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Interfund Transactions

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

In the School District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types. Eliminations have been made for all interfund receivables and payables between the 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 School District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Capital Assets

In the School District-wide financial statements, capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold is used to report capital assets and the range of estimated useful lives by type of assets is as follows:

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|---------------------------|-----------------------------|------------------------|--------------------------|
| Land Improvements | \$ 1,000 | SL | 15-50 |
| Building and Improvements | \$ 1,000 | SL | 50 |
| Furniture and Equipment | \$ 1,000 | SL | 5-25 |
| Vehicles | \$ 1,000 | SL | 5-10 |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

Vested Employee Benefits

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

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

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

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

Other Benefits

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

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

The School District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the School District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Short Term Debt

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short Term Debt (Continued)

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year 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 (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

Accrued Liabilities and Long-Term Obligations

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

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

Restricted Resources

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

School District-wide Statements - Equity Classifications

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

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

Restricted net position - reports net position when constraints placed on the assets or deferred outflows of resources 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 does not meet the definition of the above two classifications and are deemed to be available for general use by the School District.

Governmental Fund Financial Statements - Equity classifications

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

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Equity classifications (Continued)

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

- Capital reserve
According to Education Law §3651, this reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for 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. The reserve is accounted for in the General Fund under restricted fund balance.
- Reserve for Debt Service
According to General Municipal Law §6-l, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.
- Repair
Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, that are of a type not recurring annually. The BOE, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.
- Employee Benefit Accrued Liability Reserve
According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due to 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 under restricted fund balance.
- Insurance Reserve
According to General Municipal Law §6-n, this reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriation, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Equity classifications (Continued)

- Liability Claims and Property Loss Reserve
According to General Municipal Law §1709(8)(c), this reserve must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by School Districts, except city School Districts with a population greater than 125,000. These reserves are accounted for in the General Fund under restricted fund balance.
- Tax Certiorari
According to Education Law §3651.1-a, this reserve must be used to establish a reserve fund for tax certiorari and to expend from the funds without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgements and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund under restricted fund balance.
- Retirement Contribution
Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the General Fund under restricted fund balance.
- Workers' Compensation
According to General Municipal Law §6-j, this reserve must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund under restricted fund balance.
- Unemployment Insurance Reserve
This reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the School District has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to the tax (contribution) basis, excess resources in the fund may be transferred to any other reserve fund. The reserve is accounted for in the General Fund under restricted fund balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Equity classifications (Continued)

- Reserve for Tax Reduction
This reserve (EL §1604, §1709) is used for the gradual use of the proceeds of the sale of School District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the School District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction.
- Reserve for Insurance Recoveries
Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received.
- Encumbrances
Encumbrance accounting, under which purchase orders, contracts and other 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.

Restricted fund balance/net position includes the following:

| | |
|--------------------------|---------------------|
| Unemployment insurance | \$ 488,175 |
| Retirement contributions | 1,383,742 |
| Liability | 1,289,103 |
| Workers compensation | 362,158 |
| Insurance | 601,280 |
| Other | 298,518 |
| Tax certiorari | 159,072 |
| Capital projects | 6,354,218 |
| Debt reserve | <u>96,597</u> |
| | <u>\$11,032,863</u> |

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

Assigned fund balance - 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 \$328,449. As of June 30, 2024, the School District's encumbrances were classified as follows:

| | |
|--------------------|-------------------|
| General support | \$ 176,145 |
| Instruction | <u>152,304</u> |
| Total encumbrances | <u>\$ 328,449</u> |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements - Equity classifications (Continued)

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

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, 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. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

The School District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as 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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue 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.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND SCHOOL DISTRICT-WIDE STATEMENTS

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

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

Total fund balances of the School District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference 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.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND SCHOOL DISTRICT-WIDE STATEMENTS (Continued)

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

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

- Long Term Revenue and Expense Differences
Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue 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.
- Capital Related Differences
Capital related differences include the difference between proceeds from 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.
- 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.
- Pension Differences
Pension differences occur as a result of changes in the School District's proportion of the collective net pension asset/liability and differences between the School District's contributions and its proportionate share of the total contributions to the pension systems.
- OPEB Differences
OPEB differences occur as a result of changes in the School District's total OPEB liability and differences between the School District's contributions and OPEB expense.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Budgets

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

The voters of the School District approved the proposed appropriation budget.

Appropriations are adopted at the program line-item level.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets (Continued)

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved 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 restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year.

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

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

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the School 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.

Encumbrances

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

Fund Balance

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

5. CASH

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

At June 30, 2024, the reported amount of the School District's deposits was \$21,054,895 and the bank balances of \$21,349,679. Of the bank balances, \$1,259,587 was covered by federal depository insurance and the remaining \$20,090,092 was covered by collateral held in the School District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$11,032,863 within the governmental funds and \$1,174,318 in the fiduciary funds.

6. CAPITAL ASSETS

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

| | Balance <u>7/1/2023</u> | Additions | Deletions | Balance <u>6/30/2024</u> |
|---|----------------------------|---------------------|---------------------|-----------------------------|
| Governmental activities: | | | | |
| Capital assets that are not depreciated: | | | | |
| Land | \$ 2,200 | \$ - | \$ - | \$ 2,200 |
| Construction in progress | <u>2,595,019</u> | <u>3,555,984</u> | <u>1,031,986</u> | <u>5,119,017</u> |
| Total nondepreciable cost | <u>2,597,219</u> | <u>3,555,984</u> | <u>1,031,986</u> | <u>5,121,217</u> |
| Capital assets that are depreciated: | | | | |
| Buildings and improvements | 39,491,778 | - | - | 39,491,778 |
| Machinery and equipment | 2,207,048 | 481,577 | 28,549 | 2,660,076 |
| Vehicles | <u>151,111</u> | <u>-</u> | <u>-</u> | <u>151,111</u> |
| Total depreciable historical cost | <u>41,849,937</u> | <u>481,577</u> | <u>28,549</u> | <u>42,302,965</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 18,041,325 | 853,756 | - | 18,895,081 |
| Machinery and equipment | 1,430,928 | 239,460 | 24,941 | 1,645,447 |
| Vehicles | <u>96,793</u> | <u>10,332</u> | <u>-</u> | <u>107,125</u> |
| Total accumulated depreciation | <u>19,569,046</u> | <u>1,103,548</u> | <u>24,941</u> | <u>20,647,653</u> |
| Total depreciable cost - net | <u>22,280,891</u> | <u>(621,971)</u> | <u>3,608</u> | <u>21,655,312</u> |
| Total capital assets, net | <u>24,878,110</u> | <u>2,934,013</u> | <u>1,035,594</u> | <u>26,776,529</u> |
| Lease assets, being amortized: | | | | |
| Equipment | <u>111,322</u> | <u>23,040</u> | <u>-</u> | <u>134,362</u> |
| Total lease assets, being amortized | <u>111,322</u> | <u>23,040</u> | <u>-</u> | <u>134,362</u> |
| Less accumulated amortization: | | | | |
| Equipment | <u>29,349</u> | <u>25,493</u> | <u>-</u> | <u>54,842</u> |
| Total accumulated amortization | <u>29,349</u> | <u>25,493</u> | <u>-</u> | <u>54,842</u> |
| Total lease assets, being amortized, net | <u>81,973</u> | <u>(2,453)</u> | <u>-</u> | <u>79,520</u> |
| Governmental activities capital assets, net | <u>\$ 24,960,083</u> | <u>\$ 2,931,560</u> | <u>\$ 1,035,594</u> | <u>\$ 26,856,049</u> |

Depreciation expense and amortization was charged to governmental activities as follows:

| | <u>Depreciation</u> | <u>Amortization</u> |
|-----------------|---------------------|---------------------|
| General support | \$ 292,333 | \$ - |
| Instruction | <u>811,215</u> | <u>25,493</u> |
| Total | <u>\$ 1,103,548</u> | <u>\$ 25,493</u> |

7. SHORT-TERM DEBT

At June 30, 2024, the School District had the following BANs outstanding:

| <u>Maturity</u> | <u>Interest Rate</u> | <u>Beginning Balance</u> | <u>Issued</u> | <u>Principal Paid</u> | <u>Redeemed</u> | <u>Ending Balance</u> |
|-----------------|----------------------|--------------------------|----------------------|-----------------------|----------------------|-----------------------|
| June 21, 2024 | 4.50% | \$ 12,720,000 | \$ - | \$ 360,000 | \$ 12,360,000 | \$ - |
| June 20, 2025 | 4.50% | - | 13,360,000 | - | - | 13,360,000 |
| | | <u>\$ 12,720,000</u> | <u>\$ 13,360,000</u> | <u>\$ 360,000</u> | <u>\$ 12,360,000</u> | <u>\$ 13,360,000</u> |

8. INTERFUND BALANCES AND ACTIVITY

| | <u>Interfund</u> | | <u>Transfers</u> | |
|------------------|---------------------|---------------------|-------------------|---------------------|
| | <u>Receivable</u> | <u>Payable</u> | <u>Revenue</u> | <u>Expenditures</u> |
| General | \$ 3,488,071 | \$ 2,680,079 | \$ 25,065 | \$ 151,419 |
| Special Aid | 547,215 | 2,366,593 | 151,419 | 25,065 |
| School Lunch | - | 664 | - | - |
| Capital Projects | <u>1,284,868</u> | <u>272,818</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 5,320,154</u> | <u>\$ 5,320,154</u> | <u>\$ 176,484</u> | <u>\$ 176,484</u> |

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

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

9. LONG-TERM OBLIGATIONS

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

| | Balance <u>7/1/2023</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>6/30/2024</u> | Due Within <u>One Year</u> |
|--------------------------------------|----------------------------|---------------------|---------------------|-----------------------------|-------------------------------|
| Bonds: | | | | | |
| Serial bonds payable | \$ 8,955,000 | \$ - | \$ 820,000 | \$ 8,135,000 | \$ 835,000 |
| Other liabilities: | | | | | |
| Total other post employment benefits | 104,361,676 | - | 2,957,180 | 101,404,496 | 3,507,577 |
| Lease obligations | 4,206 | 23,040 | 26,396 | 850 | 850 |
| Net pension liabilities | 4,701,563 | - | 1,302,044 | 3,399,519 | - |
| Judgments and claims | - | 987,500 | - | 987,500 | 987,500 |
| Compensated absences | 332,168 | 39,545 | - | 371,713 | - |
| Total long-term liabilities | <u>\$118,354,613</u> | <u>\$ 1,050,085</u> | <u>\$ 5,105,620</u> | <u>\$114,299,078</u> | <u>\$ 5,330,927</u> |

Interest on all debt for the year was composed of:

| | |
|--|-------------------|
| Interest paid | \$ 843,322 |
| Less: Interest accrued in the prior year | (11,349) |
| Plus: Interest accrued in the current year | <u>10,324</u> |
| Total interest expense | <u>\$ 842,297</u> |

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

| <u>Bond Issue</u> | <u>Issued</u> | <u>Maturity</u> | <u>Interest Rate</u> | June 30, 2024 <u>Balance</u> |
|--------------------------|---------------|-----------------|----------------------|---------------------------------|
| Serial Bond-Construction | 2018 | 2034 | 3.00% | <u>\$ 8,135,000</u> |
| Total bond issue | | | | <u>\$ 8,135,000</u> |

11. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term expected real rate of term</u> |
|-----------------------------|--------------------------|---|
| Domestic Equity | 32.00% | 4.00% |
| International Equity | 15.00 | 6.65 |
| Private Equity | 10.00 | 7.25 |
| Real Estate | 9.00 | 4.60 |
| Opportunistic/ARS portfolio | 3.00 | 5.25 |
| Real Assets | 3.00 | 5.79 |
| Fixed Income | 23.00 | 1.50 |
| Cash | 1.00 | 0.25 |
| Credit | <u>4.00</u> | 5.40 |
| | <u>100%</u> | |

Discount Rate

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

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

The following presents the School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.90%, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

| | 1% Decrease | Current Discount | 1% Increase |
|--|---------------------|---------------------|-----------------------|
| | <u>4.90%</u> | <u>5.90%</u> | <u>6.90%</u> |
| Proportionate Share of Net Pension liability (asset) | <u>\$ 7,298,947</u> | <u>\$ 2,321,473</u> | <u>\$ (1,835,751)</u> |

11. PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position (In Thousands)

The components of the current-year net pension liability (in thousand's) of the employers as of March 31, 2024, were as follows:

| | Pension Plan's Fiduciary Net Position |
|---|---|
| Total pension liability | \$ 240,696,851 |
| Net position | 225,972,801 |
| Net pension liability (asset) | <u>\$ 14,724,050</u> |
| ERS net position as a percentage of total pension liability | 93.88% |

New York State Teachers' Retirement System

The School 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 and/or the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer, which can be found on the System's website at www.nystrs.org.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

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

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

11. PENSION PLANS (Continued)

Contributions (Continued)

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

| | <u>TRS</u> |
|------|--------------|
| 2024 | \$ 1,796,587 |
| 2023 | \$ 1,791,558 |
| 2022 | \$ 1,652,357 |

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

At June 30, 2024, the School District reported net pension liability of \$1,078,046 for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2022. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024, the School District's proportionate share was 0.094269%, which was a decrease of 0.000908% from its proportionate share measured at June 30, 2023.

For the year ended June 30, 2024, the School District recognized pension expense of \$3,071,696. At June 30, 2024, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 2,613,976 | \$ 6,460 |
| Changes of assumptions | 2,321,002 | 505,850 |
| Net difference between projected and actual earnings on pension plan investments | 551,076 | - |
| Changes in proportion and differences between the School District's contributions and proportionate share of contributions | 236,021 | 216,308 |
| Contributions subsequent to the measurement date | <u>1,796,587</u> | <u>-</u> |
| Total | <u>\$ 7,518,662</u> | <u>\$ 728,618</u> |

The School District recognized \$1,796,587 as a deferred outflows of resources related to pensions resulting from the School District's contributions subsequent to the measurement date June 30, 2023 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

11. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2023 are summarized in the following table:

| Asset Class | Target Allocation | Long-term expected real rate of term |
|-----------------------|-------------------|--------------------------------------|
| Domestic Equity | 33.00% | 6.80% |
| International Equity | 15.00 | 7.60 |
| Global Equity | 4.00 | 7.20 |
| Real Estate Equity | 11.00 | 6.30 |
| Private Equity | 9.00 | 10.10 |
| Domestic Fixed Income | 16.00 | 2.20 |
| Global Bonds | 2.00 | 1.60 |
| Private Debt | 2.00 | 6.00 |
| Real Estate Debt | 6.00 | 3.20 |
| High-Yield Bonds | 1.00 | 4.40 |
| Cash Equivalents | <u>1.00</u> | 0.30 |
| | <u>100%</u> | |

Discount Rate

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

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

The following presents the net pension liability (asset) of the School District calculated using the discount rate of 6.95 percent, as well as what the Districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

| | 1% Decrease 5.95% | Current Discount 6.95% | 1% Increase 7.95% |
|--|----------------------|------------------------------|-----------------------|
| Proportionate Share of Net Pension Liability (asset) | <u>\$ 16,419,194</u> | <u>\$ 1,078,046</u> | <u>\$(11,824,522)</u> |

11. PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

The components of the current year net pension liability (asset) (in thousand's) of the employers as of June 30, 2024, were as follows:

| | Pension Plan's Fiduciary Net Position |
|---|---|
| Total pension liability | \$ 138,365,122 |
| Net position | 137,221,537 |
| Net pension liability (asset) | <u>\$ 1,143,585</u> |
| TRS net position as a percentage of total pension liability | 99.17% |

Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System.

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 covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

| | <u>June 30, 2024</u> |
|---------------|----------------------|
| ERS Liability | \$ 205,871 |
| TRS Liability | \$ 1,988,683 |

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The School District's defined benefit OPEB plan, provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the School District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the School District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

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

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided

The School District provides healthcare 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 School District offices and are available upon request.

Employees Covered by Benefit Terms

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

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 210 |
| Active employees | <u>228</u> |
| Total participants | <u><u>438</u></u> |

Total OPEB Liability

The School District's total OPEB liability of \$101,404,496 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Inflation | 2.70 percent |
| Payroll Growth | Varies by pension retirement system membership (NYSTRS or NYSERS) |
| Discount Rate | 4.21 percent as of June 30, 2024 measurement date |
| Healthcare Cost Trend Rates | 6.50 percent increase from 2023 to 2024, decreasing gradually to an ultimate rate of 4.14 percent by 2076 |
| Cost Method | Entry Age Normal |

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2021.

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

| | | |
|--|--|-----------------------|
| Balance at June 30, 2023 | | <u>\$ 104,361,676</u> |
| Changes for the Year- | | |
| Service cost | | 3,239,576 |
| Interest | | 4,375,130 |
| Changes of benefit terms | | - |
| Changes in assumptions or other inputs | | (1,210,017) |
| Differences between expected and actual experience | | (5,995,995) |
| Benefit payments | | <u>(3,365,874)</u> |
| Net changes | | <u>(2,957,180)</u> |
| Balance at June 30, 2024 | | <u>\$ 101,404,496</u> |

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 School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

| | 1% Decrease | Current Discount | 1% Increase |
|----------------------|-----------------------|-----------------------|----------------------|
| | <u>(3.21%)</u> | <u>(4.21%)</u> | <u>(5.21%)</u> |
| Total OPEB Liability | <u>\$ 118,191,576</u> | <u>\$ 101,404,496</u> | <u>\$ 87,913,633</u> |

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

The following presents the total OPEB liability of the School District, as well as what the School 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:

| | Healthcare Cost Trend Rate | | |
|----------------------|----------------------------|-----------------------|-----------------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | <u>(5.50%)</u> | <u>(6.50%)</u> | <u>(7.50%)</u> |
| Total OPEB Liability | <u>\$ 84,951,464</u> | <u>\$ 101,404,496</u> | <u>\$ 122,580,419</u> |

14. CONTINGENCIES AND COMMITMENTS

Grants

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

The School District has various commitments with contractors for the completion of capital projects.

Litigation

The School District is a defendant in multiple lawsuits under the NYS Child Victims Act. These lawsuits allege sexual abuse of students by teachers formerly employed by the School District. The School District is vigorously defending its position in each of the cases. The cases cumulatively demand damages in excess of \$10 million. The School District has insurance for some of these claims; while some are uninsured because of the insolvency of the carrier at the time of alleged abuse. At this point in the litigation process, the School District's attorney has determined that settlements with certain plaintiffs are likely. However, the actual damages are yet to be determined and they may be material.

\$987,500 is recorded as judgments and claims in the School-District wide financial statements for a settlement that the School District will bond for in fiscal year 2025.

There are tax certiorari and other claims pending against the School District as well. The School District is vigorously defending its position in these cases and any settlements are not expected to be material in amount.

15. TAX ABATEMENTS

Payments in Lieu of Taxes Agreements

The School District has 1 real property tax abatement agreements entered into by the Ulster Industrial Development Agencies (IDA) and Article 18-A of the real property tax law. This agreement provides for abatement of real estate property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with the IDA's Uniform Tax Exemption Policy. In accordance with the policy, the IDA's grant PILOTs in accordance with various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. The IDA's also has policies for recapture of PILOTs should the applicant not meet certain criteria. All policies are available from the IDA.

The following information relates to the PILOT agreements entered into under the agreements for the year ended June 30, 2024:

| Agreement | Assessed Value | Tax Rate | Tax Value | Pilot Received | School District Tax Abated |
|--------------------------------------|----------------|----------|-----------|----------------|----------------------------|
| Ulster Industrial Development Agency | \$ 9,922,300 | 23.0607 | \$ 9,922 | \$ 50,000 | \$ 228,815 |

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

ELLENVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Encumbrances | Final Budget Variance with Budgetary Actual |
|--|-----------------|---------------|--------------------------|--------------|---|
| REVENUE | | | | | |
| LOCAL SOURCES: | | | | | |
| Real property taxes | \$ 26,238,120 | \$ 26,238,120 | \$ 26,144,085 | \$ - | \$ (94,035) |
| Other tax items | 1,304,505 | 1,304,505 | 1,319,869 | - | 15,364 |
| Charges for services | 12,500 | 12,500 | 10,543 | - | (1,957) |
| Use of money and property | 75,000 | 75,000 | 604,479 | - | 529,479 |
| Sale of property and compensation for loss | - | - | 30,806 | - | 30,806 |
| Miscellaneous | 617,500 | 617,500 | 1,482,440 | - | 864,940 |
| Total local sources | 28,247,625 | 28,247,625 | 29,592,222 | - | 1,344,597 |
| State sources | 29,094,712 | 29,094,712 | 28,954,996 | - | (139,716) |
| Federal sources | 1,431,209 | 1,431,209 | - | - | (1,431,209) |
| Total revenue | 58,773,546 | 58,773,546 | 58,547,218 | - | (226,328) |
| OTHER FINANCING SOURCES | | | | | |
| Proceeds from the issuance of leases | - | - | 23,040 | - | 23,040 |
| Premium on BAN issuance | - | - | 96,597 | - | 96,597 |
| Operating transfers in | - | - | 25,065 | - | 25,065 |
| Total other financing sources | - | - | 144,702 | - | 144,702 |
| Total revenue and other financing sources | 58,773,546 | 58,773,546 | 58,691,920 | - | (81,626) |
| EXPENDITURES | | | | | |
| GENERAL SUPPORT: | | | | | |
| Board of Education | 117,461 | 133,609 | 116,084 | 104 | 17,421 |
| Central administration | 622,916 | 653,305 | 641,624 | 527 | 11,154 |
| Finance | 981,433 | 980,253 | 919,069 | 18,750 | 42,434 |
| Staff | 488,162 | 610,409 | 561,305 | - | 49,104 |
| Central services | 3,103,328 | 3,865,415 | 3,469,574 | 156,764 | 239,077 |
| Special items | 1,351,745 | 1,804,875 | 1,719,370 | - | 85,505 |
| Total general support | 6,665,045 | 8,047,866 | 7,427,026 | 176,145 | 444,695 |

(Continued)

The accompanying notes are an integral part of these statements.

ELLENVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30.

| | Last 10 Fiscal Years | | | | | | | | | |
|--|----------------------|----------------|----------------|----------------|----------------|----------------|---------------|------|------|------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Total OPEB Liability | | | | | | | | | | |
| Service cost | \$ 3,239,576 | \$ 3,882,641 | \$ 5,872,516 | \$ 6,061,447 | \$ 4,010,858 | \$ 2,158,171 | \$ 2,244,514 | | | |
| Interest | 4,375,130 | 4,243,716 | 3,346,787 | 3,337,491 | 4,043,232 | 3,471,416 | 3,206,023 | | | |
| Changes of benefit terms | (5,995,995) | (10,631,063) | (8,058,195) | (10,125,493) | (1,350,005) | 4,128,704 | - | | | |
| Differences between expected and actual experience | (1,210,017) | (7,467,452) | (30,302,803) | 8,124,746 | 30,242,971 | 16,997,668 | (4,547,025) | | | |
| Changes in assumptions | (3,365,874) | (3,296,339) | (3,380,829) | (3,186,025) | (3,147,754) | (3,085,182) | (2,773,564) | | | |
| Benefit payments | (2,957,180) | (13,268,497) | (33,122,524) | 4,212,166 | 33,799,302 | 23,670,777 | (1,870,052) | | | |
| Total change in total OPEB liability | 104,361,676 | 117,630,173 | 150,752,697 | 146,541,531 | 112,741,229 | 89,070,452 | 90,940,504 | | | |
| Total OPEB liability - beginning | \$ 101,404,496 | \$ 104,361,676 | \$ 117,630,173 | \$ 150,752,697 | \$ 146,540,531 | \$ 112,741,229 | \$ 89,070,452 | | | |
| Total OPEB liability - ending | \$ 22,722,130 | \$ 21,786,201 | \$ 19,802,602 | \$ 18,287,121 | \$ 19,928,793 | \$ 16,755,166 | \$ 17,196,695 | | | |
| Covered-employee payroll | | | | | | | | | | |
| Total OPEB liability as a percentage of covered - employee | 446.3% | 479.0% | 594.0% | 824.4% | 735.3% | 672.9% | 518.0% | | | |

Notes to schedule:

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

| | | | | | | | |
|---------------|-------|-------|-------|-------|-------|-------|-------|
| Discount rate | 4.21% | 4.13% | 3.54% | 2.16% | 2.21% | 3.51% | 3.87% |
|---------------|-------|-------|-------|-------|-------|-------|-------|

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

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

ELLENVILLE CENTRAL SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30.

| | Last 10 Fiscal Years (Dollar amounts displayed in thousands) | | | | | | | | | |
|--|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN | | | | | | | | | | |
| Contractually required contribution | \$ 641 | \$ 591 | \$ 431 | \$ 662 | \$ 593 | \$ 600 | \$ 559 | \$ 556 | \$ 595 | \$ 741 |
| Contributions in relation to the contractually required contribution | 641 | 591 | 431 | 662 | 593 | 600 | 559 | 556 | 595 | 741 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered-employee payroll | \$ 4,491 | \$ 4,726 | \$ 3,856 | \$ 4,273 | \$ 4,199 | \$ 4,134 | \$ 3,850 | \$ 3,643 | \$ 3,643 | \$ 3,726 |
| Contributions as a percentage of covered-employee payroll | 14.28% | 12.51% | 11.18% | 15.49% | 14.12% | 14.51% | 14.52% | 15.27% | 16.33% | 19.89% |
| NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN | | | | | | | | | | |
| Contractually required contribution | \$ 1,797 | \$ 1,792 | \$ 1,652 | \$ 1,468 | \$ 1,506 | \$ 1,763 | \$ 1,592 | \$ 1,840 | \$ 1,935 | \$ 2,472 |
| Contributions in relation to the contractually required contribution | 1,797 | 1,792 | 1,652 | 1,468 | 1,506 | 1,763 | 1,592 | 1,840 | 1,935 | 2,472 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered-employee payroll | \$ 18,408 | \$ 17,411 | \$ 16,861 | \$ 15,400 | \$ 16,998 | \$ 16,603 | \$ 16,240 | \$ 15,697 | \$ 15,199 | \$ 15,211 |
| Contributions as a percentage of covered-employee payroll | 9.76% | 10.29% | 9.80% | 9.53% | 8.86% | 10.62% | 9.80% | 11.72% | 12.73% | 16.25% |

SUPPLEMENTARY INFORMATION

ELLENVILLE CENTRAL SCHOOL DISTRICT

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

| | School Lunch | Miscellaneous Special Revenue | Total Non-Major Governmental Funds |
|---|-------------------|----------------------------------|---|
| ASSETS | | | |
| Cash - Unrestricted | \$ 349,406 | \$ 352 | \$ 349,758 |
| Cash - Restricted | - | 298,518 | 298,518 |
| State and federal aid receivable | 71,675 | - | 71,675 |
| Inventory | <u>2,170</u> | <u>-</u> | <u>2,170</u> |
| TOTAL ASSETS | <u>\$ 423,251</u> | <u>\$ 298,870</u> | <u>\$ 722,121</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 54,181 | \$ - | \$ 54,181 |
| Due to other funds | 664 | - | 664 |
| Due to other governments | <u>-</u> | <u>352</u> | <u>352</u> |
| TOTAL LIABILITIES | <u>54,845</u> | <u>352</u> | <u>55,197</u> |
| FUND BALANCE | | | |
| Nonspendable | | | |
| Inventory | <u>2,170</u> | <u>-</u> | <u>2,170</u> |
| Restricted | | | |
| Other | <u>-</u> | <u>298,518</u> | <u>298,518</u> |
| Assigned | | | |
| Other assigned | <u>366,236</u> | <u>-</u> | <u>366,236</u> |
| TOTAL FUND BALANCE | <u>368,406</u> | <u>298,518</u> | <u>666,924</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 423,251</u> | <u>\$ 298,870</u> | <u>\$ 722,121</u> |

The accompanying notes are an integral part of these statements.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Bonadio & Co., LLP

APPENDIX C
Form of Legal Opinion

September __, 2025

Board of Education of the
Ellenville Central School District

Re: Ellenville Central School District
\$6,000,000 Bond Anticipation Notes, 2025

Dear Board Members:

We have acted as bond counsel to the Ellenville Central School District, a school district of the State of New York, situated in Ulster and Sullivan Counties (the “Issuer”), in connection with the issuance of \$6,000,000 Bond Anticipation Notes, 2025, dated September 30, 2025 (the “Notes”). In such capacity, we have examined such law and such proceedings and other documents as we have deemed necessary to render this opinion.

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

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

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

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

of ownership of the Notes, which may include original issuance discount, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

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

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

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

Very truly yours,

APPENDIX D
Material Event Notices

Material Event Notices

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

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

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

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

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

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

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

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

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

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

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