

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 7, 2025

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Bond Counsel, under the existing statutes, regulations and court decisions, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is excludable from gross income for Federal income tax purposes, and, under the existing statutes, interest on the Notes is exempt from New York State and New York City personal income taxes. In the opinion of Bond Counsel, interest on the Notes is not an item of tax preference for purposes of Federal alternative minimum tax imposed on individuals, 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 imposed under the Code. No opinion is expressed regarding other Federal tax consequences arising with respect to the Notes. See "Tax Exemption" herein.

The Notes **WILL NOT** be designated, or deemed designated, as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$8,200,000
NEW HARTFORD CENTRAL SCHOOL DISTRICT
ONEIDA COUNTY, NEW YORK

\$8,200,000 Bond Anticipation Notes, 2025

Dated: December 3, 2025

Due: June 25, 2026

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

At the option of the purchaser(s), the Notes will be issued in registered book-entry form or registered in the name of the purchaser(s). If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk, New Hartford, New York. In such case, the Notes will be issued as registered in the name of the purchaser in dominations of \$5,000 or multiples thereof.

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an unqualified legal opinion as to the validity of the Notes of Bond, Schoeneck & King, PLLC of Syracuse, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the Purchaser(s), on or about December 2, 2025.

Facsimile or telephone bids will be received WEDNESDAY November 19, 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 THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), 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 EVENTS AS REQUIRED BY THE RULE.

DATED: November 7, 2025

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
ONEIDA COUNTY, NEW YORK**

School District Officials

2025-26 BOARD OF EDUCATION

Nicole Goodelle - President
John Jadhon - Vice President

JP Kidwell
Jeff Kolb
Linda Lark
Michelle Parker
Kim Strong

Joe D'Apice. - Superintendent of Schools
Joe Barretta –Assistant Superintendent for Business Affairs
Jackie Circelli- School District Treasurer
Kim Schweitzer – School District Clerk

School District Attorney

Ferrara Fiorenza PC

BOND COUNSEL

Bond, Schoeneck & King, PLLC

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 solicit 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

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
ONEIDA COUNTY, NEW YORK**

**Relating To
\$8,200,000 Bond Anticipation Notes, 2025**

This Official Statement, which includes the cover page, has been prepared by the New Hartford Central School District, Oneida County, New York (the “District,” “County” and “State,” respectively) in connection with the sale by the School District of \$8,200,000 Bond Anticipation Notes, 2025 (the “Notes”).

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

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

DESCRIPTION OF THE NOTES

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

The Notes are dated December 3, 2025 and mature, without option of prior redemption, June 25, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

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

If the Notes are registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk, New Hartford, New York. In such case, the Notes will be issued in registered form in denominations of \$5,000, or multiples thereof.

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 bonds or notes.

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

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

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

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

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

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the *Flushing National Bank* (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in *Flushing National Bank v. Municipal Assistance Corp.*, 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge

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

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

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

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

Purpose and Authorization

On December 12, 2023, the District voters approved a \$44,700,000 capital project consisting of the renovation, reconstruction, improvement, rehabilitation, repairs, and the furnishing or equipping of Myles Elementary School, Hughes Elementary School, Bradley Elementary School, the Senior High School, the lower bus garage and the food storage building, including renovation and reconstruction of building exteriors and interiors, refurbishment of mechanical, electrical, plumbing and lighting systems, athletic field improvements, grading or improvements of the sites and acquisition of original furnishings, equipment, machinery and apparatus required for the purposes for which such buildings, facilities and improvements are to be used.

This is the first borrowing against said authorization and will provide \$8,200,000 in new monies for the aforementioned purpose.

Book-Entry Only System

If the Notes are issued in registered book-entry form, The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. In such case, 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.

Principal and interest 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 principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants

will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

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

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

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

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving reasonable notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Notes will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Notes when due will be payable upon presentation at the principal corporate trust office of a bank or trust company located and authorized to do business and act as a fiscal agent in the state of New York to be named by the District. Notes may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for the Notes of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in Certificate of Determination executed by the President of the Board of Education authorizing the sale of the Notes and fixing the details thereof and in accordance with the Local Finance Law.

THE SCHOOL DISTRICT

General Information

The School District is adjacent to and southwest of the City of Utica in Central Upstate New York. The School District has its own commercial center located within the Village of New Hartford.

The School District's land area is approximately 80 square miles and is primarily residential in character. Many of its residents are employed by the various industries in and around Utica, principally light fabrication, electronics and textiles. Some of the major firms in the School District are National Grid, Faxton-St. Luke's Healthcare, Par Technology Corp., Utica National Insurance Company and Con Med Corporation.

Major highways serving the School District include New York State Routes #5, #8 and #12. The New York State Thruway passes north of the City of Utica.

Electric and gas are provided by National Grid. Telephone services are provided by Verizon New York, Inc. Police protection is afforded the residents by County and State agencies and fire protection is available through various volunteer units. Sewer facilities and public water are provided throughout the area.

Commercial banking services are provided by Manufacturers and Traders Trust Company.

District Population

The 2023 population of the School District is estimated to be 16,815. (Source: 2023 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District are the 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>
Village of						
New Hartford	\$39,671	\$33,584	\$47,843	\$97,885	\$79,706	\$110,563
Towns Of:						
New Hartford	\$33,819	\$40,101	\$51,553	\$77,733	\$80,253	\$112,361
Frankfort	22,609	25,022	43,625	54,479	66,062	78,143
Paris	28,617	32,187	41,582	65,129	74,745	106,168
Kirkland	27,665	31,855	42,121	77,774	83,462	121,094
Counties Of:						
Oneida	23,458	26,577	36,865	58,017	63,182	88,011
Herkimer	21,908	24,678	35,959	53,288	61,510	88,417
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>
Bradley Elementary School	K-6	1943	450	2023
Myles Elementary School	K-6	1956	650	2024
Hughes Elementary School	K-6	1958	650	2024
Perry Junior High School	7-9	1964	1,150	2024
Senior High School	10-12	1934	1,050	2023

District Employees

The District employs a total of 351 full-time and 51 part-time employees with representation by the various bargaining units listed below

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
New Hartford Teacher's Association	254	6/30/2029
New Hartford Employees' Union	133	6/30/2025*
New Hartford Teachers' Association Administrative Group	15	6/30/2028
Confidential Employees	N/A	N/A

*Currently under negotiations

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2021-22	2,565	2026-27	2,500
2022-23	2,619	2027-28	2,500
2023-24	2,586	2028-29	2,500
2024-25	2,562	2029-30	2,500
2025-26	2,506	2030-31	2,500

Source: District Officials

Employee Pension Benefits

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

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

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

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2025-2026 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$701,839	\$1,935,064
2021-2022	455,861	2,008,209
2022-2023	481,828	2,214,251
2023-2024	568,629	2,258,432
2024-2025	709,162	2,269,848
2025-2026 (Budgeted)	905,784	2,203,249

Source: District records.

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

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

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

A chart of average ERS and TRS rates as a percents 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	9.8
2022-2023	11.6	10.29
2023-2024	13.1	9.76
2024-2025	15.2	10.11
2025-2026	16.5	9.59

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

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

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

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

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

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

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

Other Post-Employment Benefits

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

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

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

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

Based on the most recent actuarial valuation dated July 1, 2023 and financial data as of June 30, 2025, the School District's beginning year total OPEB liability was \$159,892,030 the net change for the year was (\$21,379,624) resulting in a total OPEB liability of \$138,512,406 for a fiscal year ending June 30, 2025. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2025, financial statements.

The total OPEB liability is required to be determined through an actuarial valuation every two years, at a minimum. However, OPEB plans with fewer than 100 members may use an alternative measurement method in place of an actuarial valuation. Additional information about GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

There is no authority in current State law to establish a trust account or reserve fund for this liability. While State Comptroller Thomas P. DiNapoli proposed a bill in April of 2015 that would create an optional investment pool to help local governments fund their OPEB liabilities, such legislation has not advanced past the committee stage.

The School District's total OPEB liability is expected to increase. As is the case with most municipalities, this is being handled by the School District on a "pay-as-you-go" basis. Substantial future increases could have a material adverse impact upon the School District's finances and could force the School District to reduce services, raise taxes or both.

Major Employers

<u>Name</u>	<u>Nature of Business</u>	<u>Estimated Number of Employees</u>
National Grid	Utility	6,500 ¹
Mohawk Valley Health System	Health Care Provider	2,900
PAR Technology Corporation	System Integration	1,200
Utica National Insurance Company	Insurance	800
The Hartford	Insurance	600

Note: 1. Number includes State-Wide employees

Source: District Officials

Unemployment Rate Statistics

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

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

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

	<u>2025 Monthly Figures</u>											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Oneida County	4.3%	4.6%	4.1%	3.2%	3.1%	3.4%	4.0%	4.2%	N/A	N/A	N/A	N/A
New York State	4.6%	4.3%	4.1%	3.7%	3.5%	3.8%	4.6%	4.7%	N/A	N/A	N/A	N/A

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

Investment Policy

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

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

Form of School Government

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

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

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

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

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 on May 16, 2023 by a vote of 641 to 193. The School District's 2023-24 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024 by a vote of 1,168 to 458. The School District's 2024-25 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2025-26 fiscal year was adopted by the qualified voters on May 20, 2025 by a vote of 953 to 415. The School District's 2025-26 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2025-26 fiscal year, approximately 35.98% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such

actions may include but are not limited to reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

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

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

Federal Aid Received by the State –

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

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

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

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

State Aid History

The State's 2020- 2021 Enacted Budget - Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was

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

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

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

The State's 2023-24 Enacted Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%. The States 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding established new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive

funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

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

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

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

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

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

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights v. State of New York* ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the *Campaign for Fiscal Equity* case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27,

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

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

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2020-2021	\$ 54,262,005	\$ 14,453,722	26.64%
2021-2022	55,615,146	16,379,563	29.45
2022-2023	58,784,760	18,453,787	31.39
2023-2024	64,523,099	22,432,531	34.77
2024-2025	64,503,758	22,458,044	34.82
2025-2026 (Budgeted)	66,824,281	24,334,356	36.42

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

Fiscal Stress Monitoring

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

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

The reports of State Comptroller for the past four 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	21.7
2023	No Designation	6.7
2022	No Designation	3.3
2021	No Designation	0.0

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

State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on December 10, 2021. The purpose of the audit was to determine whether District Officials ensured the District accurately paid employees' salary and wages for the period July 1, 2019, through November 30, 2020.

Key Findings

Our audit found that District officials accurately paid \$3.1 million in salaries and wages to the 48 employees we tested, in accordance with Board authorizations. However, there are opportunities for District officials to strengthen internal controls over payroll. Officials did not:

- Adequately segregate the duties of or establish adequate compensating controls over the payroll clerk who could add new employees to the financial system and was responsible for adding and changing salaries and pay rates, processing the payroll, and signing and distributing payroll checks.
- Ensure payroll user permissions were restricted to employees based on job duties.
- Ensure the Assistant Superintendent for Business Affairs (Assistant Superintendent) or another employee routinely monitored the payroll clerk's work by comparing payroll source documents to payrolls to mitigate the risks related to the payroll clerk's duties.

Key Recommendations

- Segregate payroll processing duties or implement adequate compensating controls.
- Ensure users' payroll permissions are limited to their authorized job duties.
- Properly monitor the payroll clerk's work.

District officials agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

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

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

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

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes 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, 2025, 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:					
New Hartford	\$1,097,354,965	\$1,093,981,241	\$1,097,774,303	\$1,096,566,450	\$1,097,008,657
Frankfort	17,665,262	17,621,704	17,687,369	17,687,622	17,668,249
Paris	3,561,212	3,584,177	3,606,784	\$3,577,666	3,674,663
Kirkland	<u>7,665,262</u>	<u>8,039,817</u>	<u>8,042,865</u>	<u>8,014,050</u>	<u>8,033,729</u>
Total	\$1,126,246,701	\$1,123,226,939	\$1,127,111,321	1,125,845,788	\$1,126,385,298

Equalization Rates:

New Hartford	70.00%	63.00%	57.00%	53.00%	47.00%
Frankfort	61.40%	58.00%	51.00%	46.07%	45.78%
Paris	79.50%	72.00%	63.50%	59.00%	55.00%
Kirkland	54.00%	48.50%	43.00%	39.50%	35.30%

Full
Valuations:

New Hartford	\$1,567,649,950	\$1,736,478,160	\$1,925,919,830	\$2,068,993,302	\$2,334,060,972
Frankfort	28,770,785	30,382,248	34,681,116	38,392,928	38,593,816
Paris	4,479,512	4,978,024	5,679,975	6,063,841	6,681,205
Kirkland	<u>14,194,930</u>	<u>16,576,942</u>	<u>18,704,337</u>	<u>20,288,734</u>	<u>22,758,439</u>
Total	\$1,615,095,177	\$1,788,415,374	\$1,984,985,258	\$2,133,738,805	\$2,402,094,433

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>
New Hartford	\$ 33.12	\$ 33.91	\$ 34.35	\$ 35.13	\$ 36.34
Frankfort	37.75	36.83	38.39	40.42	37.31
Paris	29.16	29.67	30.83	31.56	31.06
Kirkland	42.93	44.05	45.53	47.14	48.39

Tax Collection Procedure

Property taxes are collected by the School District tax collector. Such taxes are due and payable on September 1, but may be paid without penalty by October 1. Penalties on unpaid taxes are 5% from October 1 through October 31.

On or about November 15, the tax receivers file a report of any uncollected school taxes with the County and Herkimer County, New York ("Herkimer County"). The County and Herkimer County thereafter on or before April 30 each pay to the School District the amount of its uncollected taxes. Thus, the School District receives its full levy prior to the end of its fiscal year.

Tax Collection Record

Fiscal Year Ended June 30:	2022	2023	2024	2025	2026*
General Fund	\$37,439,955	\$38,205,377	\$38,860,349	\$39,734,048	\$41,028,805
Tax Levy					
Omissions/Loss of					
Exemptions -					
Prior Years	0	0	0	0	0
Total Levy for					
All Purposes	\$37,439,955	\$38,205,377	\$38,860,349	\$39,734,048	\$41,028,805
Excess/(Deficit) on					
Tax Rolls	0	0	0	0	0
Taxes Cancelled					
Net Taxes on Roll	\$37,439,955	\$38,205,377	\$38,860,349	\$39,734,048	\$41,028,805
STAR Program	3,161,281	2,955,070	2,659,997	2,486,854	2,362,797
Net Taxes After					
STAR Program	\$34,278,674	\$35,250,307	\$36,200,352	\$37,247,194	\$38,666,008
Taxes Collected					
Prior to Return	33,044,376	33,942,408	34,925,099	36,050,691	36,859,206
Uncollected Date	\$1,234,298	\$1,307,899	1,275,253	1,196,503	1,806,802
of Return					
Percentage Collected					
Prior to Return	96.40%	96.29%	96.48%	96.79%	95.33%

Note: * Collection information is as of October 14, 2025

Real Property Tax Revenues

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2020-2021	\$ 54,262,005	\$ 37,030,287	68.24%
2021-2022	55,615,146	37,439,955	67.32
2022-2023	58,784,760	38,205,377	64.99
2023-2024	64,523,099	36,199,703	56.10
2024-2025	64,503,758	37,232,919	57.72
2025-2026 (Budgeted)	66,824,281	41,028,805	61.40

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

Major Taxpayers 2025

For 2025-26 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Full Value</u>
BG New Hartford LLC	Shopping Center	\$51,369,153
Trahwen - B LLC	Retail and Gas Station	27,264,242
Presbyterian Homes	Apartments/Rentals	25,813,702
Utica Mutual Ins.	Business	23,651,277
Wachs NH Development LLC	Development Corporation	22,839,152
National Grid	Utility	22,815,035
Sangertown Square LLC	Shopping Center	22,579,872
Niagara Mohawk Power Corp.	Utility	20,577,777
Fifth Garden Park Limited	Business	18,047,919
IATT Investments Inc.	Business	16,811,702
Total		\$251,769,831

1. The above taxpayers represent 10.48% of the School District's 2025-26 Full value of \$2,402,094,433

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

General Fund Operations

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A statement of such revenues and expenditures for the five-year period ending June 30, 2025 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.

Real Property Tax Rebate

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

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

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

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

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

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is utilized, no installment maybe 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.

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 with in the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The Board of Education, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance

board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

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

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

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

Debt Limit. Pursuant to the Local Finance Law, 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.

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Serial Bonds	\$19,395,000	\$16,295,000	\$13,090,000	\$9,780,000	\$8,670,000
Bond Anticipation Notes	1,335,000	905,000	14,994,000	18,756,000	38,117,000
Total Debt Outstanding	\$20,730,000	\$17,200,000	\$28,084,000	\$28,536,000	\$46,787,000

Status of Outstanding Bond Issues

Year of Issue:	2015		2017	
Amount Issued:	\$2,681,138		\$2,420,754	
Purpose/Instrument:	Tax Certiorari		Tax Certiorari	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$220,000	\$17,125	\$175,000	\$31,987
2027	230,000	11,625	180,000	28,050
2028	235,000	5,875	185,000	23,550
2029	-	-	195,000	18,000
2030	-	-	200,000	12,150
2031	-	-	<u>205,000</u>	<u>6,150</u>
Totals:	\$ 685,000	\$ 34,625	\$ 1,140,000	\$ 119,887

Year of Issue:	2017		2019	
Amount Issued:	\$472,442		\$12,300,000	
Purpose/Instrument:	Tax Certiorari		Additions/Reconstruction	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$55,000	\$4,278	\$680,000	\$153,963
2027	60,000	2,490	695,000	139,513
2028	-	-	705,000	124,744
2029	-	-	725,000	109,763
2030	-	-	750,000	94,356
2031	-	-	775,000	77,481
2032	-	-	785,000	60,044
2033	-	-	795,000	41,400
2034	-	-	<u>820,000</u>	<u>21,525</u>
Totals:	\$ 115,000	\$ 6,768	\$ 6,730,000	\$ 822,789

Year of Issue: 2025
 Amount Issued: \$1,538,646

Purpose/Instrument Fiscal Year Ending June 30:	Buses	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 0	\$ 0
2027	423,646	81,563
2028	425,000	36,100
2029	275,000	22,100
2030	275,000	11,100
2031	<u>140,000</u>	<u>2,800</u>
Totals:	\$ 1,538,646	\$ 153,663

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	\$1,130,000	\$207,353	\$1,337,353	11.79%
2027	1,588,646	263,241	1,851,887	28.11%
2028	1,550,000	190,269	1,740,269	43.45%
2029	1,195,000	149,863	1,344,863	55.30%
2030	1,225,000	117,606	1,342,606	67.13%
2031	1,120,000	86,431	1,206,431	77.76%
2032	785,000	60,044	845,044	85.21%
2033	795,000	41,400	836,400	92.58%
2034	<u>820,000</u>	<u>21,525</u>	<u>841,525</u>	100.00%
Totals:	\$ 10,208,646	\$ 1,137,732	\$ 11,346,378	

Status of Short-Term Indebtedness

<u>Type</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
BAN	6/26/2025	6/26/2026	4.000%	\$37,000,000

Cash Flow Borrowings

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

Capital Project Plans

On December 14, 2021, the District voters approved a \$39,815,000 capital project consisting of the renovation, reconstruction, improvement, rehabilitation, repairs, and the furnishing or equipping of Myles Elementary School, Hughes Elementary School, Bradley Elementary School, Perry Junior High School, the Senior High School, the bus garage and the food storage building. The District issued a \$14,000,000 Bond Anticipation Note on September 22, 2023. On June 28, 2024 the District issued a \$17,700,000 Bond Anticipation Note which redeemed the \$14,000,000 Bond Anticipation Note and provided \$3,700,000 in new money. On June 26, 2025 the District issued a \$37,000,000 Bond Anticipation Note which (along with \$335,000 of available funds) redeemed the \$17,700,000 Bond Anticipation Note and provided \$19,635,000 in new money.

On December 12, 2023, the District voters approved a \$44,700,000 capital project for the renovation and reconstruction of certain School District buildings and facilities. The Board of Education of the School District adopted a bond resolution January 23, 2024, authorizing the issuance of \$44,700,000 of serial bonds. This is the first issuance against said authorization.

Building Aid Estimate

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. The District has not applied for such estimate but anticipates that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 81.3%.

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 October 28, 2025

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
New Hartford	\$ 1,097,008,657	47.00%	\$ 2,334,060,972
Frankfort	17,668,249	45.78%	38,593,816
Paris	3,674,663	55.00%	6,681,205
Kirkland	8,033,729	35.30%	<u>22,758,439</u>
Total			<u>\$ 2,402,094,433</u>
Debt Limit: 10% of Full Valuation			\$ 240,209,443
Inclusions:			
Serial Bonds			\$ 10,208,646
Bond Anticipation Notes			<u>37,000,000</u>
Total Inclusions:			<u>\$ 47,208,646</u>
Exclusions:			
Building Aid Estimate ¹			<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 47,208,646
New Monies This Issue:			<u>8,200,000</u>
Total Net Indebtedness After Giving Effect to this Issue:			<u>\$ 55,408,646</u>
Net Debt Contracting Margin			\$ 184,800,797
Percentage of Debt-Contracting Power Exhausted			23.07%

Notes:

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

Estimated Overlapping Indebtedness

<u>Overlapping Unit</u>	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness</u> ¹	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
Oneida County	\$ 2,363,500,617					
	\$ 16,502,593,836	14.32%	\$ 475,600,014	N/A	\$ 475,600,014	\$ 68,115,409
Herkimer County	\$ 38,593,816					
	\$ 6,842,962,187	0.56%	\$ 12,549,456	N/A	\$ 12,549,456	\$ 70,778
Town of New Hartford	\$ 2,334,060,972					
	\$ 2,334,060,972	100.00%	-	N/A	-	-
Town of Frankfort	\$ 38,593,816					
	\$ 560,937,290	6.88%	\$ 2,934,813	N/A	\$ 2,934,813	\$ 201,922
Town of Paris	\$ 6,681,205					
	\$ 380,203,120	1.76%	\$ 1,365,000	N/A	\$ 1,365,000	\$ 23,987
Town of Kirkland	\$ 22,758,439					
	\$ 757,302,921	3.01%	\$ 4,393,310	N/A	\$ 4,393,310	\$ 132,028
Village of New Hartford	\$ 160,817,119					
	\$ 160,817,119	100.00%	\$ 2,613,435	N/A	\$ 2,613,435	<u>\$ 2,613,435</u>
Total						<u><u>\$ 68,544,123</u></u>

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2024.

Notes: 1 Bonds and Bond Anticipation notes as of 2024 fiscal year. Not adjusted to include subsequent bond and note sales.
2 Bonds and Bond Anticipation Notes as of 2022 fiscal year. The Town did not file in the 2023 and 2024 fiscal years.

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 October 28, 2025:

	Amount	Per Capita	(a)	Percentage of Full Value	(b)
Net Indebtedness	\$ 55,408,646	\$ 3,295.19		2.307%	
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 123,952,769	\$ 7,371.56		5.160%	

(a) The District's estimated population is 16,815. (Source: 2023 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2025-26 is \$2,402,094,433

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the event cited herein, there are other potential risk 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 Bonds. If a significant default or other financial crisis should occur in the affairs of the State or any other jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the 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 Bonds 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 Bonds 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 Bonds, 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 computers 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 assurance can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

TAX EXEMPTION

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Code, pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; 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 imposed under the Code. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

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

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

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

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

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

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel to the School District, such opinion to be delivered with the Notes.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Bonds, and Bond Counsel expresses no opinion relating thereto (except as may otherwise be stated in Bond Counsel's legal opinion).

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 C".

The District is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

LITIGATION

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

There are no other actions, suits, proceedings or investigations, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of bonds and notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the bonds and notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the bonds and notes or contesting the corporate existence or boundaries of the District.

BOND RATING

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

The most recent underlying rating assigned to the School District by Moody's Investors Service, Inc., is an A1 rating, which was assigned on March 5, 2021 and was stated in the most recent Issuer Comment Report dated March 4, 2024.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies, and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment 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 outstanding 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

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

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

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

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

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

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

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

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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 damage caused by viruses in the electronic files on the website.

The School District's contact information is as follows: Joseph Barretta, Assistant Superintendent for Business Affairs, phone: (315) 624-1202 email: jbarretta@nhart.org.

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

New Hartford Central School District

Dated: November 7, 2025
New Hartford, New York

Nicole Goodelle
President of the Board of Education
And Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

	Budget					
Fiscal Year Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Beginning Fund Balance - July 1	\$5,687,431	\$6,548,487	\$6,331,198	\$6,586,566	\$5,726,690	\$5,154,363 ^E
Revenues:						
Real Property Taxes	\$37,030,287	\$37,439,955	\$38,205,377	\$36,199,703	\$37,232,919	\$41,028,805
Other Tax Items	898,784	346,727	360,440	3,020,070	2,812,119	291,614
Charges for Services	145,913	128,792	284,270	506,564	437,538	95,000
Use of Money & Property	12,838	2,962	452,443	1,483,421	797,668	515,000
Sale of Property/Comp. for Loss	23,927	14,868	874	37,602	12,095	5,000
Miscellaneous	1,319,175	612,409	835,784	744,470	692,827	450,000
State Aid	14,453,722	16,379,563	18,453,787	22,432,531	22,458,044	24,334,356
Federal Aid	377,359	210,553	191,785	98,738	60,548	100,000
Capitalized Interest	0	0	0	0	0	4,506
Interfund Transfer	<u>0</u>	<u>479,317</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$54,262,005	\$55,615,146	\$58,784,760	\$64,523,099	\$64,503,758	\$66,824,281
Expenditures:						
General Support	\$5,467,934	\$5,313,781	\$6,032,748	\$6,246,142	\$6,513,438	\$6,991,326
Instruction	29,936,333	29,822,470	31,478,451	35,247,981	34,046,242	34,686,081
Transportation	1,322,254	2,058,417	1,815,741	1,964,803	2,434,903	2,468,298
Community Services	0	11,412	42,233	29,591	31,308	35,000
Employee Benefits	12,715,605	14,365,640	14,266,636	16,693,863	18,690,972	18,528,133
Debt Service	4,014,497	3,758,633	3,799,725	4,468,050	2,307,824	4,965,442
Interfund Transfer	<u>528,237</u>	<u>502,082</u>	<u>614,541</u>	<u>732,545</u>	<u>1,051,398</u>	<u>50,000</u>
Total Expenditures	\$53,984,860	\$55,832,435	\$58,050,075	\$65,382,975	\$65,076,085	\$67,724,280
Adjustments	583,911	0	-479,317	0	0	0
Year End Fund Balance	\$6,548,487	\$6,331,198	\$6,586,566	\$5,726,690	\$5,154,363	\$4,254,364 ^E
Excess (Deficit) Revenues Over Expenditures	\$277,145	(\$217,289)	\$734,685	(\$859,876)	(\$572,327)	(\$899,999) ¹

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

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

E. Estimated

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assets:					
Unrestricted Cash	\$5,198,241	\$4,124,279	\$3,344,635	\$4,360,758	\$3,464,303
Restricted Cash	2,867,533	2,857,452	3,138,523	2,214,029	1,690,746
Accounts Receivable	358,740	397,884	596,117	1,677,311	1,033,823
Due from Other Funds	779,283	1,060,329	1,404,173	546,933	508,755
Due from Other Governments	1,491,825	1,774,091	1,785,428	2,023,218	2,415,552
Prepaid Expenditures	6,496	7,086	8,267	8,858	10,039
Deferred Receivables	0	0	0	0	0
Total Assets	<u><u>\$10,702,118</u></u>	<u><u>\$10,221,121</u></u>	<u><u>\$10,277,143</u></u>	<u><u>\$10,831,107</u></u>	<u><u>\$9,123,218</u></u>
Liabilities:					
Accounts Payable	\$1,090,977	\$971,420	\$698,517	\$1,288,337	\$781,998
Accrued Liabilities	513,426	579,978	338,344	417,625	361,684
Due to Other Funds	223,362	0	49,541	628,250	0
Due to Other Governments	137,335	137,335	137,335	137,335	137,335
Due to Teachers' Retirement System	2,013,071	2,087,225	2,328,642	2,423,974	2,453,550
Due to Employees' Retirement System	175,460	113,965	138,198	172,404	199,661
Unearned revenues	0	0	0	0	0
Accrued Interest Payable	0	0	0	36,492	34,627
Total Liabilities:	<u><u>\$4,153,631</u></u>	<u><u>\$3,889,923</u></u>	<u><u>\$3,690,577</u></u>	<u><u>\$5,104,417</u></u>	<u><u>\$3,968,855</u></u>
Fund Balances:					
Nonspendable:					
Prepaid Expenditures	\$6,496	\$7,086	\$8,267	\$8,858	\$10,039
Restricted	2,867,533	2,857,452	3,138,523	2,214,029	1,690,746
Assigned					
Encumbrances	556,050	253,577	27,042	0	0
Appropriated Fund Balance	900,000	900,000	900,000	926,742	935,770
Unassigned	2,218,408	2,313,083	2,512,734	2,577,061	2,517,808
Total Fund Balance	<u><u>\$6,548,487</u></u>	<u><u>\$6,331,198</u></u>	<u><u>\$6,586,566</u></u>	<u><u>\$5,726,690</u></u>	<u><u>\$5,154,363</u></u>
Total Liabilities and Fund Balance	<u><u>\$10,702,118</u></u>	<u><u>\$10,221,121</u></u>	<u><u>\$10,277,143</u></u>	<u><u>\$10,831,107</u></u>	<u><u>\$9,123,218</u></u>

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

APPENDIX B

Audited Financial Statements For The Fiscal Year Ended June 30, 2025

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

NEW HARTFORD
CENTRAL SCHOOL
DISTRICT

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2025

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
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D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

Independent Auditor's Report

Board of Education
New Hartford 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 the New Hartford Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the New Hartford Central 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 New Hartford Central School District, as of June 30, 2025, 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 New Hartford Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District changed its accounting policies related to the recognition and reporting of compensated absences by adopting Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Hartford Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2025, on our consideration of the New Hartford Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 New Hartford Central 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 New Hartford Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 10, 2025

Utica, New York

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

The New Hartford Central School District’s discussion and analysis of financial performance provides an overall review of the District’s financial activities for the fiscal years ended June 30, 2025 and 2024. The intent of this discussion and analysis is to look at the District’s financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

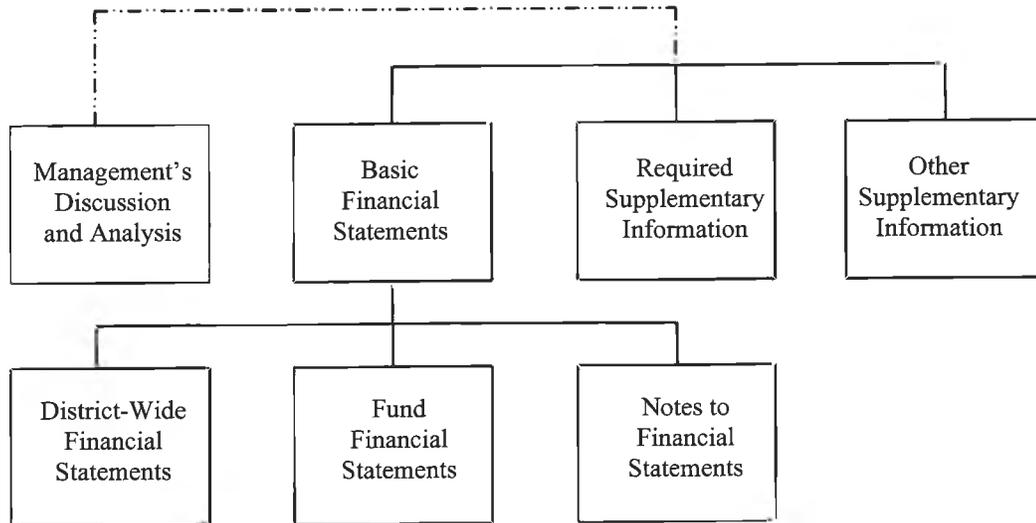
1. FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2025, are as follows:

- The District’s total Net Position (Deficit), as reflected in the District-wide financial statements, increased by \$9,810,773.
- The current total net position is a deficit in the amount of \$118,521,054. The deficit is primarily the result of the requirement to accrue other postemployment benefits, which required the recognition of an unfunded liability of \$138,512,406 at June 30, 2025. Since New York State Laws provide no mechanism for funding the liability, any subsequent accruals are expected to increase the deficit in subsequent years.
- The District’s expenses for the year, as reflected in the District-wide financial statements, totaled \$56,500,704. This amount was offset with \$687,150 for program charges for services and \$1,244,642 for operating grants to support instructional programs. General revenues of \$64,379,685 amount to 97.1% of total revenues.
- State and federal revenue decreased by 0.1% to \$22,518,592 in 2025 from \$22,531,269 in 2024. This decrease was primarily due to an increase in BOCES aid in the amount of \$437,566 and Lottery Aid in the amount of \$668,143, offset by a decrease in basic State Aid in the amount of \$1,089,691.
- The total fund balance, as reflected in the fund financial statements on pages 15 and 17, decreased by \$20,075,472 to a deficit of \$19,322,429. This was mainly due to the General Fund deficit of revenues over expenditures of \$572,327 and a decrease in Capital Fund fund balance of \$19,866,568 due to expenditures exceeding revenues. The Capital Fund deficit is due to expenditures being incurred before permanent financing is obtained. See Note 17 to the financial statements for further details.
- The General Fund's unassigned fund balance is 3.7% of the subsequent year's budget.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management’s Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of District-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements is as follows:



See Independent Auditor’s Report.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference as net position. Increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in Net Position (Deficit) during the fiscal year. All changes in Net Position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds; general fund, school lunch fund, special aid fund, debt service fund and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total Net Position (Deficit) increased by \$9,810,773 between fiscal year 2024 and 2025. After taking into consideration the cumulative effect of change in accounting principle, the net position (deficit) increased by \$6,132,424. A summary of the District's Statement of Net Position for June 30, 2025 and 2024 is as follows:

	2025	(Restated) 2024	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 24,759,196	\$ 24,987,656	\$ (228,460)	(0.9%)
Net Pension Asset - Proportionate Share	3,496,898		3,496,898	100.0%
Capital and Leased Assets, Net	<u>75,381,065</u>	<u>56,226,527</u>	<u>19,154,538</u>	34.1%
Total Assets	<u>103,637,159</u>	<u>81,214,183</u>	<u>22,422,976</u>	27.6%
Deferred Outflows of Resources	<u>21,611,495</u>	<u>37,657,156</u>	<u>(16,045,661)</u>	(42.6%)
Current Liabilities	44,795,237	24,341,651	20,453,586	84.0%
Net Pension Liability - Proportionate Share	2,058,167	3,078,263	(1,020,096)	(33.1%)
Non-Current Liabilities	<u>153,692,716</u>	<u>175,714,006</u>	<u>(22,021,290)</u>	(12.5%)
Total Liabilities	<u>200,546,120</u>	<u>203,133,920</u>	<u>(2,587,800)</u>	(1.3%)
Deferred Inflows of Resources	<u>43,223,588</u>	<u>44,069,246</u>	<u>(845,658)</u>	(1.9%)
Net Investment in Capital Assets	41,726,897	41,213,564	513,333	1.2%
Restricted	2,004,211	2,214,029	(209,818)	(9.5%)
Unrestricted (Deficit)	<u>(162,252,162)</u>	<u>(171,759,420)</u>	<u>9,507,258</u>	5.5%
Total Net (Deficit)	<u>\$ (118,521,054)</u>	<u>\$ (128,331,827)</u>	<u>\$ 9,810,773</u>	7.6%

Current and other assets decreased by \$228,460, as compared to the prior year. This decrease is primarily due to a decrease in the District's other receivables in the amount of \$483,816, cash and cash equivalents in the amount of \$139,796, offset by an increase in receivables from other governments in the amount of \$393,971.

Government accounting standards requires the inclusion of the District's proportionate share of net assets and/or liabilities in the New York State Teachers' Retirement System and Employees' Retirement System. The Net Pension Asset increased from the prior year due to a change in the actuarially calculated portion of the Teachers Retirement System plan. The Net Pension liability consists of the Employees' Retirement System liability.

Capital and leased assets, net of accumulated depreciation and amortization, increased by \$19,154,538, as compared to the prior year. Capital assets increased due to additions exceeding depreciation expense to fixed assets.

Deferred outflows and inflows of resources changed compared to prior year, primarily due to actuarially determined amounts provided by the Retirement Systems and OPEB.

Current liabilities increased by \$20,453,586, as compared to the prior year. This increase is primarily a result of an increase of \$19,361,000 in Bond Anticipation Notes payable compared to the prior year and an increase of accounts payable in the amount of \$993,324 in the Capital fund.

Non-current liabilities decreased by \$22,021,290 as compared to the prior year. This decrease is primarily the result of a decrease in Other Postemployment Liabilities of \$21,379,624, and a decrease in Serial Bonds of \$1,110,000, due to repayments.

The Net Investment in Capital Assets is calculated by subtracting the amount of outstanding debt used for construction and leases from the total cost of all asset acquisitions, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase and lease vehicles, equipment, and furniture to support District operations.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

The unrestricted Net Position at June 30, 2025, is a deficit of \$162,252,162, which represents the amount by which the District's liabilities and deferred inflows of resources, excluding debt related to capital construction, exceeded the District's assets other than capital and leased assets and deferred outflows of resources, and excluding restricted amounts. This deficit is primarily due to the recognition of the \$138,512,406 liability for other postemployment benefits.

The restricted Net Position at June 30, 2025 is \$2,004,211 which represents the amount of the District's restricted funds in the General Fund and Debt Service Fund.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2025 and 2024 is as follows:

Revenues	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Program Revenues				
Charges for Services	\$ 687,150	\$ 594,389	\$ 92,761	15.6%
Operating Grants	1,244,642	1,229,476	15,166	1.2%
General Revenues				
Property Taxes and STAR	40,045,038	39,219,773	825,265	2.1%
State and Federal Sources	22,518,592	22,531,269	(12,677)	(0.1%)
Other	<u>1,816,055</u>	<u>2,265,493</u>	<u>(449,438)</u>	(19.8%)
Total Revenues	<u>66,311,477</u>	<u>65,840,400</u>	<u>471,077</u>	0.7%
Expenses				
General Support	7,384,797	7,210,350	174,447	2.4%
Instruction	44,693,428	48,123,959	(3,430,531)	(7.1%)
Pupil Transportation	3,080,744	2,663,127	417,617	15.7%
Community Service	31,308	29,591	1,717	5.8%
Food Service Program	229,000	110,134	118,866	107.9%
Debt Service-Unallocated Interest	<u>1,081,427</u>	<u>981,994</u>	<u>99,433</u>	10.1%
Total Expenses	<u>56,500,704</u>	<u>59,119,155</u>	<u>(2,618,451)</u>	(4.4%)
Total Change in Net Position	<u>\$ 9,810,773</u>	<u>\$ 6,721,245</u>	<u>\$ 3,089,528</u>	46.0%

The District's revenues increased by \$471,077 in 2025 or 0.7%. The major factors that contributed to the increase were:

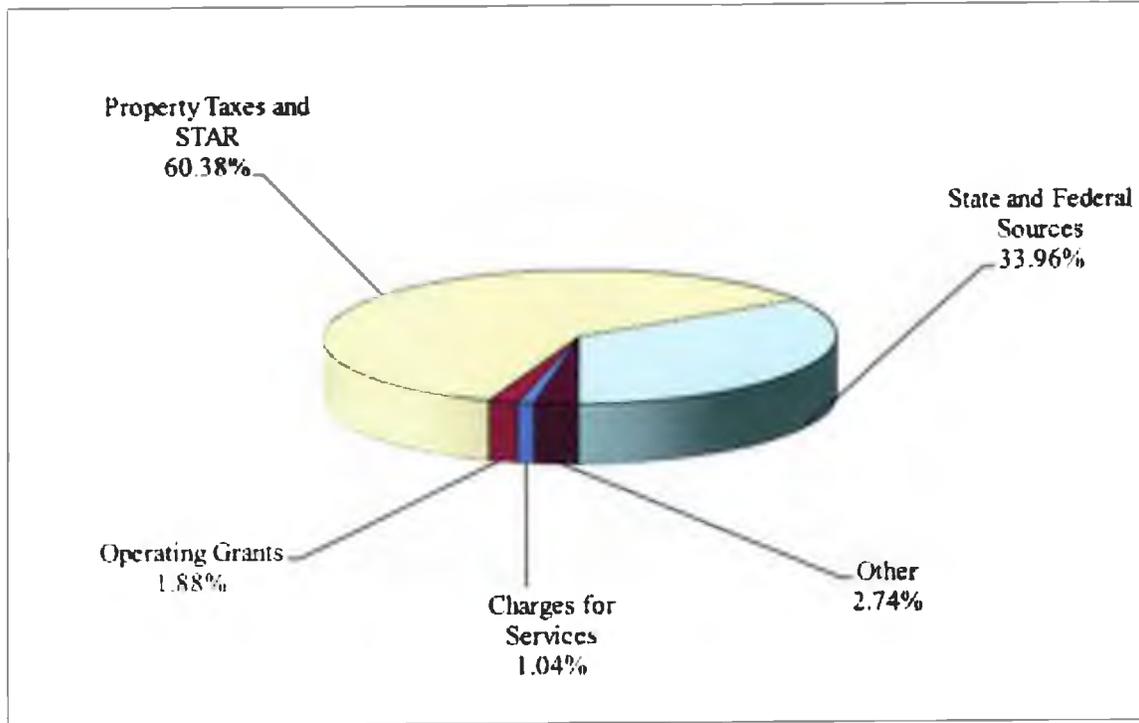
- The District received an increase of \$92,761 in Charges for Services, primarily due to an increase in the Food Service Program as a result of an increase in facility fees charged.
- The District received an increase of \$825,265 in property and STAR payments.
- Above increases are offset by a decrease in Other revenue sources. Primarily, the other sources include refund of prior year expenses in the amount of \$601,686 received, Premium on Short-Term Obligation of \$313,465 and interest earnings in the amount of \$797,668. The District received interest earnings of \$1,345,423 in the prior year compared to \$797,668 in the current year. This decrease contributed to an offset of total revenue increases as noted above.

The District's expenses for the year decreased by \$2,618,451 or 4.4% mainly due to a decrease in the Instruction line. This expense decreased primarily due to the allocation of employee benefit costs related to pension and other post-employment benefits.

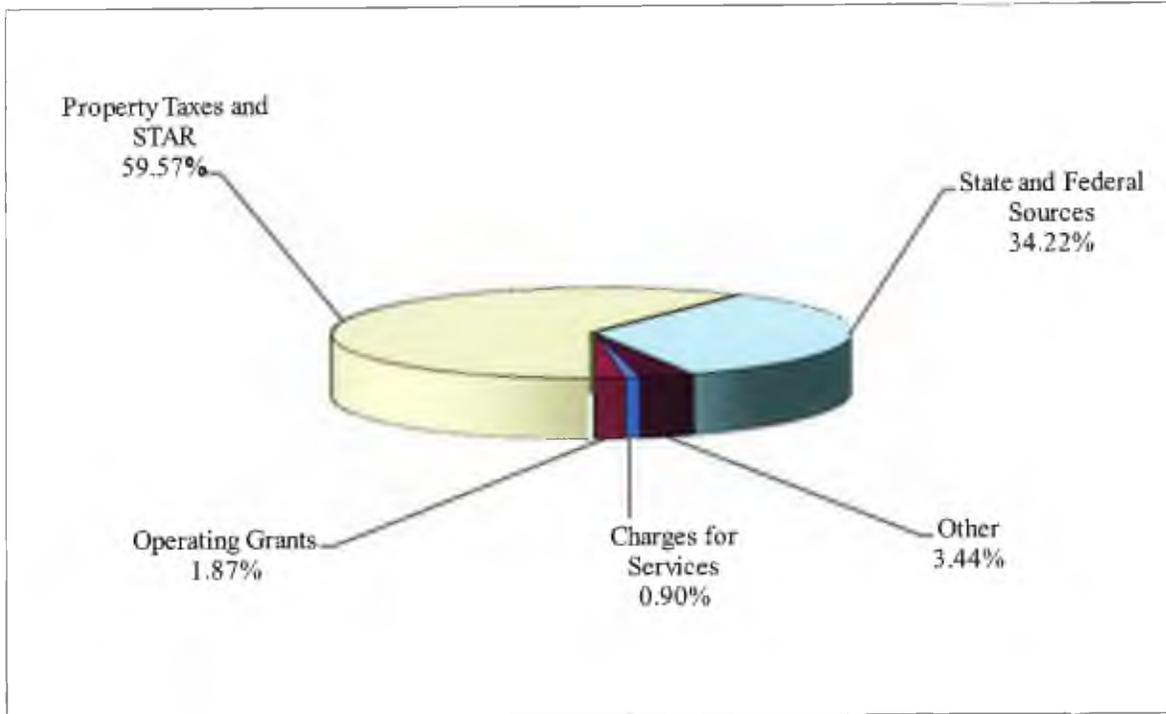
**NEW HARTFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2025



For the Year Ended June 30, 2024

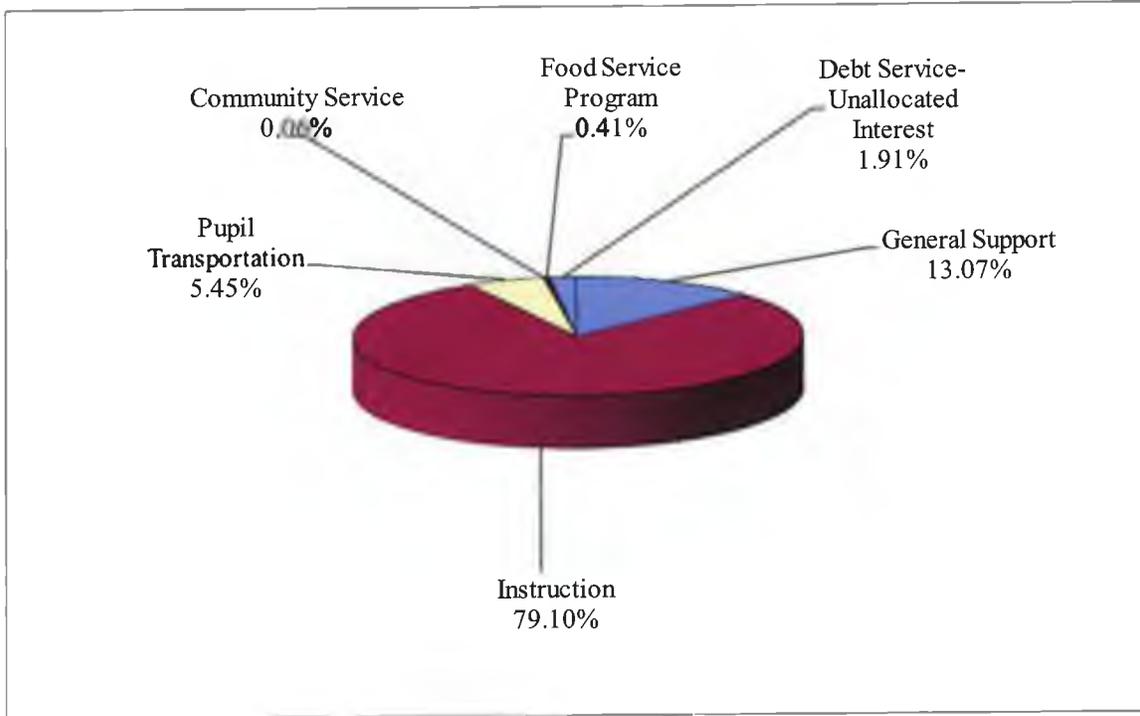


See Independent Auditor's Report.

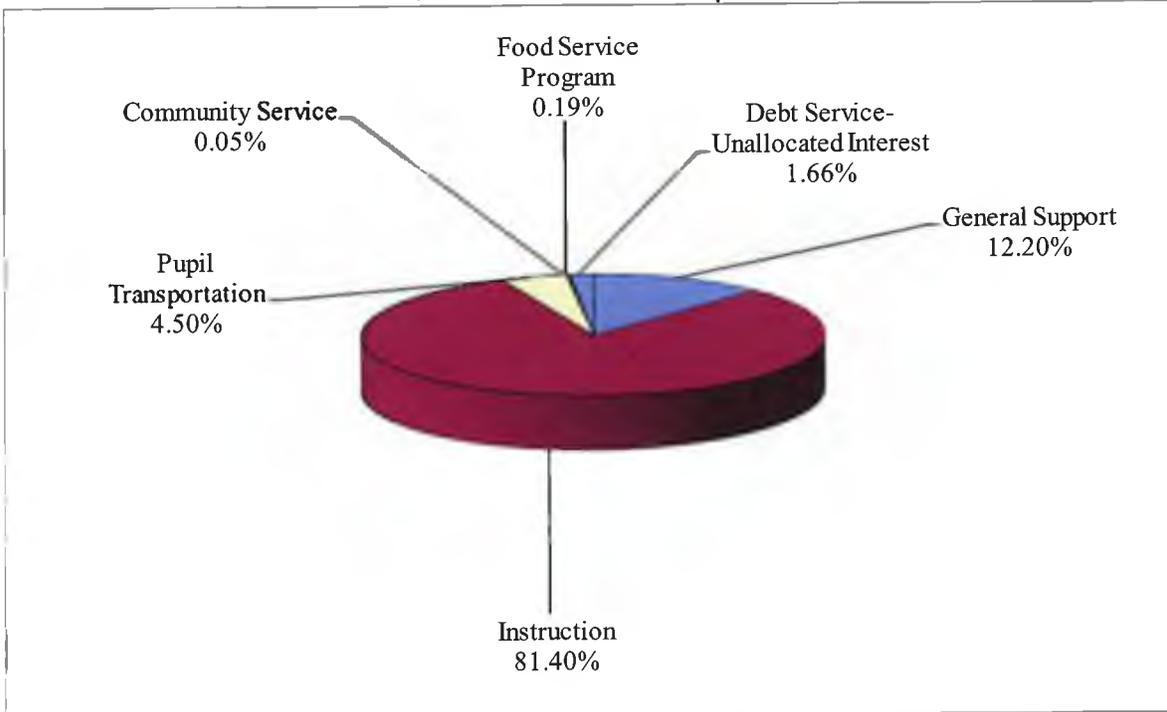
**NEW HARTFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2025



For the Year Ended June 30, 2024



See Independent Auditor's Report.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2025, the District's governmental funds reported a combined fund balance (deficit) of \$19,322,429 which is a decrease of \$20,075,472 from the prior year. This decrease is due to a deficit of revenues over expenditures for the year primarily in the General and Capital Funds. A summary of the change in fund balance by fund is as follows:

General Fund	2025	2024	Increase (Decrease)
Nonspendable	\$ 10,039	\$ 8,858	\$ 1,181
Restricted			
Employee Benefit Accrued Liability	358,525	394,485	(35,960)
Retirement Contribution System		8,705	(8,705)
Insurance		35,959	(35,959)
Liability		458,947	(458,947)
Tax Certiorari	<u>1,332,221</u>	<u>1,315,933</u>	<u>16,288</u>
Total Restricted	<u>1,690,746</u>	<u>2,214,029</u>	<u>(523,283)</u>
Assigned			
Appropriated for Subsequent Year's Budget	900,000	900,000	
General Support	30,310	24,284	6,026
Instruction	<u>5,460</u>	<u>2,458</u>	<u>3,002</u>
Total Assigned	<u>935,770</u>	<u>926,742</u>	<u>9,028</u>
Unassigned			
Unassigned	<u>2,517,808</u>	<u>2,577,061</u>	<u>(59,253)</u>
Total General Fund	<u>5,154,363</u>	<u>5,726,690</u>	<u>(572,327)</u>
School Lunch Fund			
Assigned	<u>73,361</u>	<u>23,403</u>	<u>49,958</u>
Total School Lunch Fund	<u>73,361</u>	<u>23,403</u>	<u>49,958</u>
Debt Service Fund			
Restricted	<u>313,465</u>	<u> </u>	<u>313,465</u>
Total Debt Service Fund	<u>313,465</u>	<u> </u>	<u>313,465</u>
Capital Fund			
Unassigned (Deficit)	<u>(24,863,618)</u>	<u>(4,997,050)</u>	<u>(19,866,568)</u>
Total Capital Fund	<u>(24,863,618)</u>	<u>(4,997,050)</u>	<u>(19,866,568)</u>
Total Fund Balance	<u>\$ (19,322,429)</u>	<u>\$ 753,043</u>	<u>\$ (20,075,472)</u>

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2024-2025 Budget

The District's General Fund adopted budget for the year ended June 30, 2025, was \$64,443,792. This is an increase of \$1,625,429 over the prior year's adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$40,038,439 in estimated property taxes and STAR and \$22,490,353 in State Aid.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 2,577,061
Revenues over Budget	954,781
Increase in Nonspendable	(1,181)
Appropriated Fund Balance	(900,000)
Budget Amendment for Unanticipated Use of Reserves	(636,136)
Net Decrease to Restricted Funds	<u>523,283</u>
Closing, Unassigned Fund Balance	<u>\$ 2,517,808</u>

Opening, Unassigned Fund Balance

The \$2,577,061 shown in the table is the portion of the District's June 30, 2024, fund balance, that was retained as unassigned. This was 3.7% of the District's 2024-2025 voter and Board approved operating budget.

Revenues Over Budget

The 2024-2025 final budget for revenues was \$63,548,977. The actual revenues received for the year were \$64,503,758. The actual revenue was over the budgeted revenue by \$954,781. This variance contributes directly to the change to the unassigned portion of the General Fund balance from June 30, 2024 to June 30, 2025.

Increase in Nonspendable

The District has a Prepaid balance of \$10,039 at June 30, 2025 that has been designated as a Nonspendable fund balance.

Appropriated Fund Balance

The District has chosen to use \$900,000 of its available June 30, 2025, fund balance to partially fund its 2025-2026 approved operating budget. This appropriation is the same as the appropriated fund balance of \$900,000 in the 2024-2025 budget.

Expenditures and Encumbrances Under Budget

The 2024-2025 final budget for expenditures was \$65,111,855 and includes \$636,136 in budget amendments as a result of unanticipated use of reserves and \$5,185 in donation received during the fiscal year. The actual expenditures and encumbrances were \$65,111,855. The final budget was under expended and encumbered by \$0. This change did not impact the unassigned portion of the General Fund balance from June 30, 2024 to June 30, 2025.

Net Decrease to Restricted Funds

The net decrease to the General Fund restricted fund balances during the year ended June 30, 2025 represents funding of the Retirement Contribution System Reserve in the amount of \$93,280 and interest earnings of \$27,404 on existing balances offset by the use of \$643,967 of reserves in the fiscal year, primarily the Liability Reserve.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2025-2026 fiscal year with an unassigned fund balance of \$2,517,808. This is a decrease of \$59,253 from the unassigned balance from the prior year as of June 30, 2024. This was 3.7% of the District's 2025-2026 voter and Board approved operating budget.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital and Leased Assets

At June 30, 2025, the District had invested in a broad range of capital and leased assets, including land, construction in progress, buildings and improvements, vehicles and equipment. The net increase in capital and leased assets is due to capital and lease additions exceeding depreciation and amortization expense for the year ended June 30, 2025. A summary of the District's capital and leased assets, net of depreciation and amortization at June 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>	Increase (Decrease)
Land	\$ 165,000	\$ 165,000	\$
Construction in Progress	24,827,583	4,064,776	20,762,807
Buildings and Improvements	45,985,410	47,405,310	(1,419,900)
Furniture and Equipment	699,749	786,826	(87,077)
Vehicles	<u>2,335,626</u>	<u>2,129,603</u>	<u>206,023</u>
Capital Assets, Net	<u>\$ 74,013,368</u>	<u>\$ 54,551,515</u>	<u>\$ 19,461,853</u>
	<u>2025</u>	<u>2024</u>	Decrease
Right to Use Leased Assets, Net	<u>\$ 1,367,697</u>	<u>\$ 1,675,012</u>	<u>\$ (307,315)</u>

B. Debt Administration

At June 30, 2025, the District had total serial bonds payable of \$8,670,000. A summary of the outstanding debt at June 30, 2025 and 2024 is as follows:

Issue Date	Interest Rate %	<u>2025</u>	<u>2024</u>	(Decrease)
Serial Bonds				
01/29/15	2.00-2.50	\$ 685,000	\$ 900,000	\$ (215,000)
04/18/17	2.00-3.00	1,140,000	1,315,000	(175,000)
12/06/17	.50-4.15	115,000	170,000	(55,000)
06/17/19	2.00-2.63	<u>6,730,000</u>	<u>7,395,000</u>	<u>(665,000)</u>
Total Serial Bonds		<u>\$ 8,670,000</u>	<u>\$ 9,780,000</u>	<u>\$ (1,110,000)</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2025 – 2026 school budget, allows the District to expand educational opportunities for students and maintain all current programming. This includes increasing the number of openings for students to participate in career and technical education programs, support for students' social, emotional and mental health needs and funding for the District's educational technology plan. The proposed budget addresses rising costs including health insurance, salaries and other contractual expenses.

The District was able to maintain these programs by reducing expenditures and receiving an increase in state aid (\$1.8 million). The majority of the state aid increase is in the form of building aid. Building aid is expected to increase by approximately \$1.6 million due to the completion of several construction projects. Overall, the 2025 – 2026 budget increased spending from the prior year by \$3,280,489 or 5.09%.

For the past eleven years, the New York State Tax Cap has determined, to a large degree, the amount of revenue that can be requested from taxpayers. It is a complex, eight step calculation process based on several local economic factors including the local Consumer Price Index and a tax base growth factor. For 2025 – 2026, New Hartford's calculated tax levy was \$41,028,805 which was an increase of \$1,296,266 or 3.26% compared to prior year. The tax levy calculation met the requirements of the tax levy cap law and required a "simple majority" of voters to approve.

On April 15, 2025, the New Hartford School District Board of Education adopted a proposed 2025 – 2026 school budget of \$67,724,281. On May 20, 2025, the voters approved the budget by a margin of 979 (yes) – 427 (no).

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District's Business Office, New Hartford Central School District, 29 Oxford Road, New Hartford, NY 13413.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

Assets	
Cash and Cash Equivalents	\$ 3,501,644
Restricted Cash and Cash Equivalents	17,267,795
Receivables	
Other Governments	2,738,433
Other Receivables	1,241,285
Net Pension Asset-Proportionate Share	3,496,898
Other Assets	10,039
Right to Use Leased Assets, Net of Amortization	1,367,697
Capital Assets, Net of Accumulated Depreciation	<u>74,013,368</u>
Total Assets	<u>103,637,159</u>
Deferred Outflows of Resources	
Deferred Outflow-OPEB	12,110,723
Deferred Outflow-Pensions	<u>9,500,772</u>
Total Deferred Outflows of Resources	<u>21,611,495</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 125,248,654</u>
Liabilities	
Accounts Payable	\$ 2,777,768
Accrued Liabilities	361,684
Retainage Payable	704,972
Accrued Interest Payable	43,267
Due To	
Other Governments	137,335
Teachers' Retirement System	2,453,550
Employees' Retirement System	199,661
Short-Term Notes Payables	
Bond Anticipation Notes	38,117,000
Net Pension Liability-Proportionate Share	2,058,167
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	1,130,000
Compensated Absences	1,891,665
Lease Liability	120,550
Due in More Than One Year	
Compensated Absences	4,498,095
Other Post Employment Benefits	138,512,406
Bonds Payable	<u>7,540,000</u>
Total Liabilities	<u>200,546,120</u>
Deferred Inflows of Resources	
Deferred Inflow-Pensions	4,535,000
Deferred Inflow-OPEB	<u>38,688,588</u>
Total Deferred Inflows of Resources	<u>43,223,588</u>
Total Liabilities and Deferred Inflows of Resources	<u>243,769,708</u>
Net Position	
Net Investment in Capital Assets	41,726,897
Restricted	2,004,211
Unrestricted (Deficit)	<u>(162,252,162)</u>
Total Net Position (Deficit)	<u>(118,521,054)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	<u>\$ 125,248,654</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
General Support	\$ 7,384,797	\$	\$	\$ (7,384,797)
Instruction	44,693,428	437,538	1,244,642	(43,011,248)
Pupil Transportation	3,080,744			(3,080,744)
Community Service	31,308			(31,308)
Food Service Program	229,000	249,612		20,612
Debt Service-Unallocated Interest	1,081,427			(1,081,427)
Total Functions/Programs	<u>\$ 56,500,704</u>	<u>\$ 687,150</u>	<u>\$ 1,244,642</u>	<u>(54,568,912)</u>
 General Revenues				
Real Property Taxes				37,232,919
STAR and Other Real Property Tax Items				2,812,119
Use of Money and Property				797,668
Sale of Property and Compensation for Loss				12,095
State and Federal Sources				22,518,592
Miscellaneous				<u>1,006,292</u>
Total General Revenues				<u>64,379,685</u>
Change in Net Position				<u>9,810,773</u>
Net Position (Deficit), Beginning of Year				(124,653,478)
Cumulative Effect of Change in Accounting Principle				<u>(3,678,349)</u>
Net Position (Deficit), Beginning of Year (Restated)				<u>(128,331,827)</u>
Net Position (Deficit), End of Year				<u>\$ (118,521,054)</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2025

	General	School Lunch	Special Aid	Debt Service	Capital	Total
Assets						
Cash and Cash Equivalents	\$ 3,464,303	\$ 247	\$ 37,094	\$	\$	\$ 3,501,644
Restricted Cash and Cash Equivalents	1,690,746				15,577,049	17,267,795
Receivables						
Other Governments	2,415,552		322,881			2,738,433
Due from Other Funds	508,755			313,465		822,220
Other Receivables	1,033,823	207,462				1,241,285
Prepaid Expenses	10,039					10,039
Total Assets	<u>\$ 9,123,218</u>	<u>\$ 207,709</u>	<u>\$ 359,975</u>	<u>\$ 313,465</u>	<u>\$ 15,577,049</u>	<u>\$ 25,581,416</u>
Liabilities						
Payables						
Accounts Payable	\$ 781,998	\$	\$	\$	\$ 1,995,770	\$ 2,777,768
Accrued Liabilities	361,684					361,684
Due To						
Other Governments	137,335					137,335
Other Funds		134,348	359,975		327,897	822,220
Teachers' Retirement System	2,453,550					2,453,550
Employees' Retirement System	199,661					199,661
Short-Term Notes Payables						
Bond Anticipation Notes					38,117,000	38,117,000
Accrued Interest Payable	34,627					34,627
Total Liabilities	<u>3,968,855</u>	<u>134,348</u>	<u>359,975</u>	<u>313,465</u>	<u>40,440,667</u>	<u>44,903,845</u>
Fund Balance						
Nonspendable	10,039					10,039
Restricted	1,690,746			313,465		2,004,211
Assigned	935,770	73,361				1,009,131
Unassigned (Deficit)	2,517,808				(24,863,618)	(22,345,810)
Total Fund Balance (Deficit)	<u>5,154,363</u>	<u>73,361</u>	<u>359,975</u>	<u>313,465</u>	<u>(24,863,618)</u>	<u>(19,322,429)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 9,123,218</u>	<u>\$ 207,709</u>	<u>\$ 359,975</u>	<u>\$ 313,465</u>	<u>\$ 15,577,049</u>	<u>\$ 25,581,416</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE DISTRICT-WIDE NET POSITION**

June 30, 2025

Total Governmental Fund Balances (Deficit) \$ (19,322,429)

Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building, acquiring and leasing capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital and right to use assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Leased Assets	3,750,057
Original Cost of Capital Assets	104,165,955
Accumulated Depreciation and Amortization	<u>(32,534,947)</u>
	<u>75,381,065</u>

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 until that time. Deferred outflows of resources at year end consisted of:

Deferred Outflows - OPEB	12,110,723
Deferred Outflows - Pensions	<u>9,500,772</u>
	<u>21,611,495</u>

Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources at year end consisted of:

Deferred Inflows - Pensions	(4,535,000)
Deferred Inflows - OPEB	<u>(38,688,588)</u>
	<u>(43,223,588)</u>

Proportionate share of long-term asset and liability associated with participation in state retirement system are not current financial resources or obligations and are not reported in the funds.

Net Pension Asset - Proportionate Share	3,496,898
Net Pension Liability - Proportionate Share	<u>(2,058,167)</u>
	<u>1,438,731</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	(8,670,000)
Lease Liability	(120,550)
Accrued Interest on Bonds Payable	(8,640)
Other Post Employment Liabilities	(138,512,406)
Retainage Payable	(704,972)
Compensated Absences Payable	<u>(6,389,760)</u>
	<u>(154,406,328)</u>

Total Net Position (Deficit) \$ (118,521,054)

NEW HARTFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General	School Lunch	Special Aid	Debt Service	Capital	Total
Revenues						
Real Property Taxes	\$ 37,232,919					\$ 37,232,919
STAR and Other Real Property Tax Items	2,812,119					2,812,119
Charges for Services	437,538	249,612				687,150
Use of Money and Property	797,668					797,668
Premium on Short-Term Obligation				313,465		313,465
Sale of Property and Compensation for Loss	12,095					12,095
Miscellaneous	692,827					692,827
State Aid	22,458,044		340,903			22,798,947
Federal Aid	60,548		903,739			964,287
Total Revenues	<u>64,503,758</u>	<u>249,612</u>	<u>1,244,642</u>	<u>313,465</u>		<u>66,311,477</u>
Expenditures						
General Support	6,513,438					6,513,438
Instruction	34,046,242		1,328,837			35,375,079
Pupil Transportation	2,434,903		10,760		667,506	3,113,169
Community Service	31,308					31,308
Food Service Program		199,654				199,654
Employee Benefits	18,690,972		306			18,691,278
Capital Outlay					20,155,199	20,155,199
Debt Service - Principal	1,225,363					1,225,363
Debt Service - Interest	1,082,461					1,082,461
Total Expenditures	<u>64,024,687</u>	<u>199,654</u>	<u>1,339,903</u>		<u>20,822,705</u>	<u>86,386,949</u>
Excess(Deficit) Revenues Over Expenditures	<u>479,071</u>	<u>49,958</u>	<u>(95,261)</u>	<u>313,465</u>	<u>(20,822,705)</u>	<u>(20,075,472)</u>
Other Financing Sources (Uses)						
BANs Redeemed from Appropriations	(945,016)				945,016	
Transfers from Other Funds			95,261		11,121	106,382
Transfers to Other Funds	(106,382)					(106,382)
Total Other Financing Sources (Uses)	<u>(1,051,398)</u>		<u>95,261</u>		<u>956,137</u>	
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(572,327)</u>	<u>49,958</u>		<u>313,465</u>	<u>(19,866,568)</u>	<u>(20,075,472)</u>
Fund Balance (Deficit), Beginning of Year	<u>\$ 726,690</u>	<u>23,403</u>			<u>(4,997,050)</u>	<u>753,043</u>
Fund Balance (Deficit), End of Year	<u>\$ 154,363</u>	<u>\$ 73,361</u>	<u>\$</u>	<u>\$ 313,465</u>	<u>\$ (24,863,618)</u>	<u>\$ (19,322,429)</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025**

Net Changes in Fund Balance - Total Governmental Funds \$ (20,075,472)

Capital Outlays to purchase, lease or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of Net Position and allocated over their useful lives as depreciation and amortization expense in the statement of activities. This is the amount by which capital outlays and lease additions exceeded depreciation and amortization in the period.

	Depreciation and Amortization Expense	(2,867,812)	
	Lease Additions	508,848	
	Capital Outlays	<u>21,513,502</u>	19,154,538

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of Net Position. Repayment of bond principal and Lease Liabilities is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position. This is the amount of issuance and repayments in the period.

	Issuance of Lease, Net of Repayments	115,363	
	Repayment of Bond Principal	<u>1,110,000</u>	1,225,363

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

	Change in Accrued Interest on Serial Bonds	1,034	
	Change in Retainage Payable Expense	(607,608)	
	Change in Other Post Employment Liabilities	10,230,502	
	Change in Compensated Absences	(583,697)	
	Change in Pension Expense	<u>466,113</u>	<u>9,506,344</u>

Change in Net Position Governmental Activities \$ 9,810,773

NEW HARTFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025

	<u>Custodial Fund</u>
Assets	
Cash and Cash Equivalents - Restricted	\$ 132,003
Total Assets	<u>\$ 132,003</u>
Net Position	
Restricted for Scholarships	\$ 71,599
Restricted For Extraclassroom Activities	<u>60,404</u>
Total Net Position	<u>\$ 132,003</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2025

	<u>Custodial Fund</u>
Additions	
Investment Income	\$ 618
Charges for Services, Sale of Property, and Miscellaneous	131,232
Gifts and Contributions	<u>23,787</u>
Total Additions	<u>155,637</u>
Deductions	
Club Activities	125,858
Scholarships and Awards	<u>32,851</u>
Total Deductions	<u>158,709</u>
Change in Net Position	(3,072)
Net Position, Beginning of Year	<u>135,075</u>
Net Position, End of Year	<u>\$ 132,003</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New Hartford Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). 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:

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 consisting of 7 members. The President of the Board serves as the chief fiscal officer, and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the 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. 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 a brief description of certain entities included in the School District's reporting entity.

(a) *Extraclassroom Activity Funds*

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds 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 custodial fund.

Joint Venture

The School District is a component district in Oneida, Herkimer, Madison Board of Cooperative Education Services (BOCES). A 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.

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

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

Basis of Presentation

(a) *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 revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues 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 and depreciation expense for the year, are allocated to functional areas in proportion to the payroll expended and total expenditures, respectively for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

(b) *Fund Financial Statements*

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. All funds of the School District are displayed as major funds. The School District reports the following governmental funds:

General Fund: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

Special Revenue Funds:

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

School Lunch Fund: This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

Capital Project Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

(c) *Fiduciary Funds*

This fund is used to account for and report 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 District-wide financial statements, because their resources do not belong to the School District, and are not available to be used. There is one class of fiduciary funds:

Custodial Funds: These funds are strictly custodial in nature. Assets are held by the School District as agent for various student groups or extracurricular activity funds and scholarship funds.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 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, other postemployment benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of other postemployment liabilities, pension liabilities, incurred but not reported claims, encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

Cash and Cash Equivalents

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 date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected during the period September 1 to October 31. Uncollected real property taxes are subsequently enforced by the counties of Oneida and Herkimer. An amount, representing uncollected real property taxes must be transmitted to the counties for enforcement, is paid by the counties to the School District no later than the forthcoming April 1.

Receivables

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

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

Interfund Transactions and Transfers

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 expenditure and revenues to provide financing or other services. Such transfers are made in accordance with state and local laws.

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 14 to the financial statements.

Prepaid Items

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

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

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received.

The School District uses a capitalization threshold of \$5,000, (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Lives</u>	<u>Depreciation Method</u>
Land Improvements	20 Years	Straight Line
Buildings and Improvements	25-50 Years	Straight Line
Furniture, Equipment, and Vehicles	5-15 Years	Straight Line

Right to Use Leased Assets

The District has recorded right to use lease assets as a result of implementing GASB 87 - Leases. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease, which range from 3-5 years.

Deferred Outflow of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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 (expense/expenditure) until then. The District has two items that qualify for reporting in this category. First is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions not included in pension expense. The second item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

Short-Term Debt

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

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

Accrued Liabilities and Long-Term Obligations

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

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

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

Compensated Absences

The School District employees are granted vacation in varying amounts, based primarily on length of service and employment classification. Some earned benefits may be forfeited if not used within designated timeframes, as specified in collective bargaining agreements and administrative policies.

Sick leave eligibility, accumulation, and payout provisions by negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may be eligible to receive a payment for unused accumulated sick leave, based on contractual provisions.

In accordance with GASB, a liability is recognized in the District-wide financial statements for vacation, sick leave, and other compensated absences when the benefit is earned by the employee and it more likely than not that the leave will be used or paid. The compensated absences liability is measured using the pay rates in effect at year-end, and includes salary-related payments such as applicable employer payroll taxes.

In the Funds financial statements, a liability is reported only for amounts that have matured – typically when payment is due upon resignation, retirement, or other termination – based on expendable and available financial resources.

Retirement Plans

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

Postemployment Benefits

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 10).

Unearned Revenue

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

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

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

Deferred Inflows of Resources

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

Equity classifications

(a) District-Wide Financial Statements

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

Net Investment in Capital Assets – consists of net capital and right to use assets (cost less accumulated depreciation and amortization) 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 are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – reports the balance of the net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

(b) Fund Statements

The following classifications describe the relative strength of the spending constraints:

Non-spendable

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the Prepaid balance in the General Fund.

Restricted Resources

This category 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. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements. The School District has established the following restricted fund balances:

- ***Reserve for Tax Certiorari***

This reserve is used to account for funds set aside to refund taxes of the current year in tax certiorari proceedings. Voter approval is not required to establish the fund or expend from the reserve. Amounts in this reserve not necessary to refund taxes must be returned to the unreserved fund balance of the General Fund by the first day of the fourth fiscal year following the year for which the reserve was created.

- ***Reserve for Employee Benefit Accrued Liability***

The Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

- ***Debt Service Fund***

This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

- ***Committed*** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2025.
- ***Assigned*** – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the District’s Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year’s budget of the General fund is also classified as Assigned Fund Balance in the General Fund.
- ***Unassigned*** – Includes all other fund resources that do not meet the definition of the above classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

(c) *Restricted for Extraclassroom Activities and Scholarships*

This reserve is used to account for various endowment and scholarship awards as well as various student groups or extraclassroom activities. This reserve is accounted for in the Custodial Fund.

(d) *Order of Use of Fund Balance*

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

New Accounting Standards

Effective for the fiscal year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard establishes recognition and measurement guidance for all types of compensated absences, including vacation leave, sick leave, personal leave, and other paid time off. Under GASB 101, a liability is recognized for compensated absences when earned by employees, provided the leave is attributable to services already rendered and is more likely than not to be used or paid.

Prior to the implementation of GASB 101, the District recognized compensated absences liabilities based primarily on vested amounts or payments due at termination. GASB 101 requires the recognition of these liabilities earlier, based on the accrual of leave and historical usage patterns, resulting in a change in the timing and methodology of liability recognition.

The District applied the provisions of GASB 101 prospectively as of July 1, 2024. As a result of the implementation, compensated absences liabilities were remeasured, and a restatement of beginning net position (deficit) was made to reflect the cumulative effect of applying the standard. The impact of this restatement is disclosed in Note 18.

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. This standard is effective for fiscal years beginning after June 15, 2024.

Future Changes in Accounting Standards

GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026. This Statement’s objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government’s accountability. Additionally, the statement also addresses certain application issues.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending June 30, 2026. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

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

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities

A total fund balance of the School District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to Statement of Activities

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

(a) Long-Term Revenue Differences

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

b) Capital Related Differences

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

(c) Long-Term Debt Transaction Differences

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

(d) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and changes in fund equity based on the requirements of New York State. These costs have been allocated based on total salary for each function.

(e) 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 District's contributions and its proportionate share of the total contributions to the pension systems.

(f) OPEB differences

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

General Fund – Statutory Unassigned Fund Balance Limit

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus a School District can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2025, the School District's General Fund unassigned fund balance was 3.7% of the 2025-2026 budget, which is in compliance with laws and regulations.

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

Budgetary Procedures and Budgetary Accounting (Continued)

The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which 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). Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Adopted Budget	\$ 64,443,792
Add: Prior Year's Encumbrances	<u>26,742</u>
Original Budget	<u>64,470,534</u>
Amendments:	
Donation	5,185
Unanticipated Excess Contingent Expense	<u>636,136</u>
Final Budget	<u>\$ 65,111,855</u>

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

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

Encumbrances

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

NYS Real Property Tax Cap

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments including school districts can levy. The tax levy for the 2024-2025 school year was in compliance with the NYS Tax Cap Limit.

4. CASH AND CASH EQUIVALENTS

Custodial Credit Risk

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

As of June 30, 2025, the School District's bank balances of \$23,373,162 were fully covered by the FDIC and collateralized with securities held by an agent of the pledging financial institutions in the School District's name and not exposed to custodial credit risk.

Restricted Cash and Cash Equivalents

Restricted Cash and Cash Equivalents of \$1,690,746 in the General Fund represent the following:

Description	Amount
Employee Benefit Accrued Liability Reserve	\$ 358,525
Tax Certiorari Reserve	<u>1,332,221</u>
Total	<u>\$ 1,690,746</u>

Restricted Cash and Cash Equivalents of \$15,577,049 in the Capital Fund represent BAN proceeds to be used for the Capital Project as noted in the issuance of the Note.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

Restricted Cash and Cash Equivalents of \$132,003 in the Custodial Funds represent funds gifted to the School District for scholarships to students and extraclassroom account balances. The funds are held in the Custodial Fund.

5. PARTICIPATION IN BOCES

During the year, the School District was billed \$10,117,372 for BOCES' administrative and program costs.
 During the year ended June 30, 2025, the School District issued no debt on behalf of BOCES and had no outstanding debt.
 The District's share of BOCES aid amounted to \$3,553,679.
 Financial statements for the BOCES are available from the Oneida Herkimer Madison BOCES' administrative office.

6. CAPITAL ASSETS & RIGHT TO USE LEASED ASSETS

Capital asset activity for the year ended June 30, 2025, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 165,000	\$	\$	\$ 165,000
Construction in Progress	<u>4,064,776</u>	<u>20,762,807</u>		<u>24,827,583</u>
Total	<u>4,229,776</u>	<u>20,762,807</u>		<u>24,992,583</u>
Capital Assets Being Depreciated				
Land Improvements	2,418,334			2,418,334
Buildings and Improvements	68,507,713	8,675		68,516,388
Furniture and Equipment	2,103,722	37,064		2,140,786
Vehicles	<u>5,852,230</u>	<u>704,956</u>	<u>459,322</u>	<u>6,097,864</u>
Total	<u>78,881,999</u>	<u>750,695</u>	<u>459,322</u>	<u>79,173,372</u>
Accumulated Depreciation				
Land Improvements	2,363,216	4,188		2,367,404
Buildings and Improvements	21,157,521	1,424,387		22,581,908
Furniture and Equipment	1,316,896	124,141		1,441,037
Vehicles	<u>3,722,627</u>	<u>498,933</u>	<u>459,322</u>	<u>3,762,238</u>
Total	<u>28,560,260</u>	<u>2,051,649</u>	<u>459,322</u>	<u>30,152,587</u>
Net Capital Assets Being Depreciated	<u>50,321,739</u>	<u>(1,300,954)</u>		<u>49,020,785</u>
Net Capital Assets	<u>\$ 54,551,515</u>	<u>\$ 19,461,853</u>	<u>\$</u>	<u>\$ 74,013,368</u>

Depreciation is allocated and charged as follows based on estimated usage by function:

Function/Program	
General Support	\$ 184,648
Instruction	1,743,902
Pupil Transportation	<u>123,099</u>
Total Depreciation	<u>\$ 2,051,649</u>

Right to use leased asset activity for the year ended June 30, 2025, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Equipment	\$ 3,359,375	\$ 508,848	\$ 118,166	\$ 3,750,057
Accumulated Amortization				
Leased Equipment	<u>1,684,363</u>	<u>816,163</u>	<u>118,166</u>	<u>2,382,360</u>
Net Right to Use Leased Assets	<u>\$ 1,675,012</u>	<u>\$ (307,315)</u>	<u>\$</u>	<u>\$ 1,367,697</u>

Amortization expense of \$816,163 is charged solely to instruction.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

7. SHORT-TERM DEBT

The District had outstanding BANs at June 30, 2025, as follows:

<u>Payable From/Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
General Fund					
2024 Capital Project BAN	09/24	\$ 1,117,000	09/25	4.00%	\$ 1,117,000
2025 Capital Project BAN	06/25	\$ 37,000,000	06/26	4.00%	37,000,000
					<u>\$ 38,117,000</u>

Changes in the School District's short-term outstanding debt for the year ended June 30, 2025, is as follows:

<u>Description</u>	<u>Balance 7/1/2024</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance 6/30/2025</u>
Governmental Activities				
2023 BAN at 4.5%	\$ 1,056,000	\$	\$ 1,056,000	\$
2024 BAN at 4.5%	17,700,000		17,700,000	
2024 BAN at 4.0%		1,117,000		1,117,000
2025 BAN at 4.0%		37,000,000		37,000,000
	<u>\$ 18,756,000</u>	<u>\$ 38,117,000</u>	<u>\$ 18,756,000</u>	<u>\$ 38,117,000</u>

Interest on Short Term debt for the year was comprised of:

Interest Paid	\$ 841,543
Less: Interest Accrued in the Prior Year	(36,492)
Plus: Interest Accrued in the Current Year	34,627
Total Interest Expense on Short-Term Debt	<u>\$ 839,678</u>

8. NONCURRENT LIABILITIES

Summary of Noncurrent Liabilities

Noncurrent liability balances and activity are as follows:

<u>Description</u>	<u>Restated Outstanding Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Serial Bonds Payable	\$ 9,780,000	\$	\$ 1,110,000	\$ 8,670,000	\$ 1,130,000
Other Liabilities					
Lease Liability	235,913		115,363	120,550	120,550
OPEB Liability	159,892,030	10,773,052	32,152,676	138,512,406	
Compensated Absences	5,806,063	583,697		6,389,760	1,891,665
Total Governmental Activities	<u>\$ 175,714,006</u>	<u>\$ 11,356,749</u>	<u>\$ 33,378,039</u>	<u>\$ 153,692,716</u>	<u>\$ 3,142,215</u>

Serial Bonds

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment on construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as expenditure when such amounts are due.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

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

The following is a breakdown of serial bonds with corresponding maturity schedules:

<u>Payable From/Description</u>	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Serial Bonds, 2015	01/29/15	\$ 2,681,138	01/29/28	2.00-2.50	\$ 685,000
Serial Bonds, 2017	04/18/17	\$ 1,970,000	06/15/31	2.00-3.00	1,140,000
Serial Bonds	12/06/17	\$ 472,442	06/15/27	.50-4.15	115,000
Serial Bond – 2019	06/17/19	\$ 12,300,000	06/15/34	2.00-2.63	6,730,000
Total					<u>\$ 8,670,000</u>

Principal and interest payments due on general obligation debt are as follows:

<u>For the Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,130,000	\$ 207,353	\$ 1,337,353
2027	1,165,000	181,678	1,346,678
2028	1,125,000	154,169	1,279,169
2029	920,000	127,763	1,047,763
2030	950,000	106,506	1,056,506
2031-2034	<u>3,380,000</u>	<u>206,600</u>	<u>3,586,600</u>
Total	<u>\$ 8,670,000</u>	<u>\$ 984,069</u>	<u>\$ 9,654,069</u>

Interest on long-term debt for the year was composed of:

Interest Paid - Serial Bonds	\$ 232,172
Interest Paid - Copier Lease	10,611
Less: Interest Accrued in the Prior Year	(9,674)
Plus: Interest Accrued in the Current Year	<u>8,640</u>
Total Interest Expense on Long-Term Debt	<u>\$ 241,749</u>

Debt Limit

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten percent of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consist of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature is also required to prescribe the manner by which such ratio shall be determined by such authority. The District is in compliance with its constitutional debt limit at year end.

Compensated Absences

Compensated absences represent vacation and sick time that has been earned by the School District employees and is more likely than not to be used or paid as of June 30, 2025. The change in compensated absences is the net of time awarded, used, paid, and/or forfeited.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

Lease Liability

The District has entered into an agreement with the BOCES to lease certain equipment such as copiers and other technology equipment. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreement. The agreement was executed on July 6, 2022 and are for a term of 4 years. Annual lease payments for this agreement range from \$149,824 to \$110,397. The lease liability was measured at a discount rate of 4.50% which is stated in the lease agreement. As a result of this lease, the District has recorded a right to use asset with a net book value of \$165,378 at June 30, 2025. The District also has made some lump sum payments at the beginning of certain lease agreements and thus there are right to use assets with a net book value of \$1,202,319 at June 30, 2025 with no corresponding lease liability.

Principal and interest payments due on long-term leases are as follows:

For the Year Ending	Leases		
June 30,	Principal	Interest	Total
2026	\$ 120,550	\$ 5,422	\$ 125,972

9. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2025, were paid.

The required contributions for the current year and two preceding years were:

	Amount
2023	\$ 481,828
2024	\$ 568,629
2025	\$ 709,162

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

(c) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the School District reported a liability of \$2,058,167 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2024. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2025, the School District's proportion was .012004% which represents a decrease of .000104% over the .0121079% District's proportion at June 30, 2024.

For the year ended June 30, 2025, the School District recognized pension credit of \$188,621. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 510,851	\$ 24,097
Change of Assumptions	86,315	
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments	161,478	
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	237,566	16,568
Contributions Subsequent to the Measurement Date	199,661	
Total	\$ 1,195,871	\$ 40,665

At June 30, 2025, \$199,661 was reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	\$	440,265
2027	\$	596,091
2028	\$	(126,620)
2029	\$	45,809

(d) Actuarial Assumptions

The total pension liability at March 31, 2025 was determined by using an actuarial valuation as of April 1, 2024, with update procedures used to roll forward the total pension liability to March 31, 2025.

Significant actuarial assumptions used in the April 1, 2024 valuation were as follows:

Investment Rate of Return		
(Net of Investment Expense, including Inflation)		5.90%
Cost of Living Adjustments		1.50%
Salary Scale		4.30%
Decrement Tables	April 1, 2015 - March 31, 2020	
	System's Experience	
Inflation Rate		2.90%

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015-April 1, 2020.

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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by 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 included in the target asset allocation as of March 31, 2025 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00%	3.54%
International Equity	14.00%	6.57%
Private Equity	15.00%	7.25%
Real Estate	12.00%	4.95%
Opportunistic Portfolio/ARS portfolio	3.00%	5.25%
Credit	4.00%	5.40%
Real Assets	4.00%	5.55%
Fixed income	22.00%	2.00%
Cash	1.00%	0.25%
	<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.90%

(e) Discount Rate

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

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

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 5,956,594	\$ 2,058,167	\$ (1,197,022)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of \$199,661 at June 30, 2025. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2025-2026 billing cycle and has been accrued as an expenditure in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity. The required employer contributions for the current year and two preceding years were:

	Amount
2023	\$ 2,214,251
2024	\$ 2,258,435
2025	\$ 2,269,848

(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the School District reported an asset of \$3,496,898 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2023. The School District's proportion of the net pension asset was based on a projection of the School District's 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 proportion was .117204%, which was an increase of .00392 percent from its .113284% proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized a pension credit of \$277,492. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,765,517	\$
Changes of Assumptions	2,091,854	351,869
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	177,681	3,885,352
Contributions Subsequent to the Measurement Date	2,269,848	257,114
Total	\$ 8,304,900	\$ 4,494,335

At June 30, 2025, \$2,269,848 was reported as a deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date, and, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ (1,806,568)
2026	4,265,521
2027	(710,670)
2028	(790,843)
2029	424,400
Thereafter	158,877

(d) Actuarial Assumptions

The total pension liability at June 30, 2024 measurement date was determined by using an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024. The actuarial valuation used the following actuarial assumptions.

Investment Rate	6.95 % compounded annually, net of pension plan investment expense, including inflation
of Return	Rates of increase differ based on service.
Salary Scale	They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Actuarial Cost Method	Entry Age Normal
Projected COLAs	1.3% compounded annually.
Inflation Rate	2.4%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP 2021, applied on a generational basis. Active member mortality rates are based on plan member experience, with adjustments for mortality improvements based on Scale MP2021.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions.

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

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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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, 2024 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	33.0%	6.6%
International equity	15.0%	7.4%
Global equity	4.0%	6.9%
Real estate equity	11.0%	6.3%
Private equity	9.0%	10.0%
Domestic fixed income	16.0%	2.6%
Global bonds	2.0%	2.5%
Private debt	2.0%	5.9%
Real estate debt	6.0%	3.9%
High-yield bonds	1.0%	4.8%
Cash equivalents	1.0%	0.5%
	100.0%	

* Real rates of return are net of pension plan investment expenses and long-term inflation expectations.

(e) Discount Rate

The discount rate used to measure the pension liability (asset) was 6.95 percent. 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents School District's proportionate share of the net pension (asset) calculated using the discount rate of 6.95 percent, 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-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate Share of the Net Pension Liability (Assets)	\$ 16,152,374	\$ (3,496,898)	\$ (20,022,463)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS in the amount of \$2,269,848 (excluding the employees' portion of \$183,702) in the General Fund at June 30, 2025. This amount included the School District and the Employees' contribution for the 2024-2025 fiscal year that will be made in 2025-2026.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(a) *Plan Descriptions*

The District provides medical and prescription drug coverage to retirees and their covered dependents. The School District pays a portion of the cost for retirees, disabled retirees, and spouses and dependents. Benefit provisions are established and amended through negotiations between the District and the respective unions. All active employees who retire or are disabled directly from the School District and meet eligibility criteria will participate. Employees are required to reach age 55 and have 10 years of service to qualify for the plan. The District pays up to 100% of the retiree's benefits depending on the employee's group. Surviving spouses are required to pay the same percentage of the cost following the death of the retiree.

The Plan does not issue a stand alone publicly available report since no assets are accumulated in a trust that meets all of the criteria in GASB No. 75, paragraph 4.

(b) *Benefits Provided*

The District provides healthcare and life insurance benefits for retirees and their dependents. The contribution requirements of the plan members and the District are established by applicable collective bargaining and employment agreements.

(c) *Employees Covered by Benefit Terms*

	Total
Retirees and Survivors	400
Actives	404
Total	804

(d) *Total OPEB Liability*

The District's total OPEB liability of \$138,512,406 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2023.

(e) *Changes in the Total OPEB Liability*

Changes in the District's total OPEB liability were as follows:

	Total OPEB Liability
Balances, June 30, 2024	\$ 159,892,030
Changes recognized for the year:	
Service cost	4,424,796
Interest cost	6,348,256
Change in assumptions and other inputs	(26,585,488)
Benefit payments	(5,567,188)
Net changes	(21,379,624)
Balances, June 30, 2025	\$ 138,512,406

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

(f) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023 rolled forward to June 30, 2025, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation Date	July 1, 2023
Measurement Date	June 30, 2025
Reporting Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Plan Type	Single Employer Defined Benefit Plan
Inflation Rate	2.70%
Medical Trend Rates	6.8% in 2025, decreasing to an ultimate rate of 4.14% for 2094 and later
Discount Rate	5.20% (based on the Bond Buyer Weekly 20-Bond GO Index)
Mortality Rates	The Pub-2010 Mortality Table for employees and healthy retirees, sex distinct, with generational mortality adjusted to scale MP-2021

There was a change in discount rate from 3.93% at June 30, 2024 to 5.20% at June 30, 2025.

Discount Rate – The selected discount rate of 5.20% is based on the prescribed discount interest rate methodology under GASB 75 based on the Fidelity General Obligation 20 Year AA Municipal Bond Index as of June 30, 2025.

Cash Flows – The cash flows into and out of the Plan are expected to be consistent with the above assumptions and Plan descriptions of participant contributions.

(g) Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20 percent) or 1 percentage point higher (6.20 percent) than the current discount rate:

	1% Decrease 4.20%	Current Assumption 5.20%	1% Increase 6.20%
Total OPEB liability	\$ 158,830,756	\$ 138,512,406	\$ 121,962,985

(h) Sensitivity of the total OPEB liability to changes in the healthcare cost trend

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.80 declining to 3.14 percent) or 1 percentage point higher (7.80 declining to 5.14 percent) than the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability	\$ 117,786,816	\$ 138,512,406	\$ 164,754,679

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

(i) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$10,230,502. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,722,709	\$ 19,187
Changes of assumptions	<u>6,418,014</u>	<u>38,669,401</u>
Total	<u>\$ 12,140,723</u>	<u>\$ 38,688,588</u>

Contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2026	\$ (9,321,738)
2027	(4,472,838)
2028	(5,647,255)
2029	(5,366,796)
2030	(1,739,238)

11. RISK MANAGEMENT

General Information

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

Risk Financing and Related Insurance

The School District participates in the Oneida Herkimer Madison Workers Compensation Consortium consisting of 13 other governmental entities for its workers' compensation insurance coverage. Entities joining the plans must remain members for a minimum of one year; a member may withdraw from the plans after that time by submitting a notice of withdrawal 30 days prior to the plans' year end. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plans' assets were to be exhausted, members would be responsible for the plan's liabilities. The plans use a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plans establish a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The Consortium is a shared-risk public entity risk pools whereby each entity pays annual premiums as follows: Workers' Compensation - Premiums are computed based upon an established rate of covered payroll. Premiums paid to the Workers' Compensation Consortium totaled \$127,936, for the year ended June 30, 2025. Paid claims are accounted for in the aggregate with individual entity activity not being tracked separately.

The District has chosen to establish a self-funded health benefit program for its employees. The benefit program's administrator, Excellus Blue Cross/Blue Shield, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General fund of the District. At year end, the District has a liability of \$541,250 included in the Accounts payable account balance, which represents reported claims which were incurred on or before year end, but which were not paid by the District as of that date.

The School District continues to carry commercial insurance for all other risks of loss such as general liability insurance.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

12. CONTINGENCIES AND COMMITMENTS

Grantors

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.

Construction Commitments

At June 30, 2025, the School District had various ongoing capital projects. The total voter and Board of Education authorizations for these projects is \$92,042,333. The School District has entered into various construction contracts for some of the project amounts. At June 30, 2025, the School District has expensed \$20,822,705 (including incidental costs) of the authorizations. At June 30, 2025, the School District has \$15,362,908 outstanding in project commitments via signed contracts.

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2025, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. The General Fund encumbrances are reflected as part of the assigned fund balance. The other encumbrances are not reflected on the fund financial statements because the assignment would result in a negative unassigned fund balance. Significant encumbrances included in government fund balances are as follows:

	General Fund
Encumbrances	
General Support	\$ 30,310
Instruction	5,460
Total Encumbrances	\$ 35,770

13. FUND BALANCE

(a) The following is a summary of the change in General Fund restricted fund balances during the year ended June 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance
Restricted				
General Fund				
Retirement Contribution System	\$ 8,705	\$ 93,388	\$ 102,093	\$
Employee Benefit Accrued Liability	394,485	4,882	40,842	358,525
Liability	458,947	5,681	464,628	
Insurance	35,959	445	36,404	
Tax Certiorari	1,315,933	16,288		1,332,221
Total General Fund Restricted	\$ 2,214,029	\$ 120,684	\$ 643,967	\$ 1,690,746

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2025:

	<u>General</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital</u>	<u>Total</u>
Nonspendable	\$ 10,039				\$ 10,039
Restricted					
Employee Benefit Accrued Liability	358,525				358,525
Tax Certiorari	1,332,221				1,332,221
Debt Service Fund			313,465		313,465
Total Restricted	<u>1,690,746</u>		<u>313,465</u>		<u>2,004,211</u>
Assigned					
General Support	30,310				30,310
Instruction	5,460				5,460
School Lunch		73,361			73,361
Appropriated for Subsequent Year's Budget	<u>900,000</u>				<u>900,000</u>
Total Assigned	<u>935,770</u>	<u>73,361</u>			<u>1,009,131</u>
Unassigned (Deficit)	<u>2,517,808</u>			<u>(24,863,618)</u>	<u>(22,345,810)</u>
Total Fund Balance (Deficit)	<u>\$ 5,154,363</u>	<u>\$ 73,361</u>	<u>\$ 313,465</u>	<u>\$ (24,863,618)</u>	<u>\$ (19,322,429)</u>

14. INTERFUND TRANSACTIONS – GOVERNMENTAL AND FIDUCIARY FUNDS

<u>Fund Type</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 508,755			\$ 106,382
School Lunch		134,348		
Special Aid		359,975	95,261	
Debt Service	313,465			
Capital Fund		<u>327,897</u>	<u>11,121</u>	
Total	<u>\$ 822,220</u>	<u>\$ 822,220</u>	<u>\$ 106,382</u>	<u>\$ 106,382</u>

- The School District typically transfers from the General Fund to the Special Aid Fund, to fund a percentage of the Summer Handicapped Program.
- The School District transferred \$11,121 from the General Fund to the Capital Fund for the Capital Outlay Project.
- Interfund receivables and payables are considered temporary. The School District intends to repay the amounts within the next fiscal year.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

15. TAX ABATEMENTS

The District is subject to tax abatements that are granted by the Oneida County Industrial Development Agency (OCIDA). Article 18-A of the New York State Municipal Law, "New York State Industrial Development Agency Act" was enacted to provide for the creation of Industrial Development Agencies (IDA's) to facilitate economic development in specific localities, and delineate their powers and status as public benefit corporations. The legislation establishes the power of New York IDA's, including the authority to grant tax abatements and enter into agreements to require payments in lieu of taxes. Each IDA must adopt and follow a tax exemption policy with input from the effected taxing jurisdictions, however once created the IDA can independently grant abatements in conformity with their policy. The OCIDA enters into agreements to abate property tax for the purpose of increasing or retaining employment in the County.

Property abatements may be partially offset by an agreement that requires payments in lieu of taxes. These agreements specify the annual amount to be remitted by the property owner and are allocated to the effected jurisdiction based on the proportion of taxes abated. The District has chosen to disclose information about its tax abatement by purpose. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

Abatement agreements of OCIDA resulted in a revenue impact to the District for the year ended June 30, 2025 as follows:

<u>Purpose</u>	<u>Gross Tax Reduction</u>	<u>Payments in Lieu of Taxes</u>	<u>Net Revenue Reduction</u>
Economic Development and Job Creation	\$ 690,144	\$ 291,614	\$ 398,530

16. DEFICIT NET POSITION

At June 30, 2025, the District Wide Statement of Net Position had an unrestricted (Deficit) of \$162,252,162 and a deficit net position of \$118,521,054. The deficit is primarily the result of GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which required the recognition of an unfunded liability of \$138,512,406 at June 30, 2025. Since New York State Laws provide no mechanism for funding the liability, any subsequent accruals are expected to increase the deficit in subsequent years.

17. FUND DEFICIT

Capital Fund

At June 30, 2025, the Capital Fund has a deficit of \$24,863,618. This deficit is due to expenditures being incurred before permanent financing is obtained.

18. CUMULATIVE EFFECT OF IMPLEMENTING CHANGE IN ACCOUNTING PRINCIPLE

As the result of implementing GASB Statement No. 101, *Compensated Absences*, the District has restated the beginning net position (deficit) in the Statement of Net Position for Governmental Activities, effectively decreasing net position as of July 1, 2024 by \$3,678,349. The decrease results from restating its non-current term liabilities to reflect the additional liability for compensated absences required by this implementation.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual	
Revenues					
Local Sources					
Real Property Taxes	\$ 39,732,539	\$ 39,732,539	\$ 39,719,774	\$ (12,765)	
Other Real Property Tax Items	305,900	305,900	325,264	19,364	
Charges for Services	110,000	110,000	437,538	327,538	
Use of Money and Property	350,000	350,000	797,668	447,668	
Sale of Property and Compensation for Loss	5,000	5,000	12,095	7,095	
Miscellaneous	450,000	455,185	692,827	237,642	
State Aid	22,490,353	22,490,353	22,458,044	(32,309)	
Federal Aid	100,000	100,000	60,548	(39,452)	
Total Revenues	63,543,792	63,548,977	64,503,758	954,781	
Other Financing Sources					
Appropriated Reserve		636,136		(636,136)	
Appropriated Fund Balance	926,742	926,742		(926,742)	
Total Revenues and Other Financing Sources	\$ 64,470,534	\$ 65,111,855	64,503,758	\$ (608,097)	
Expenditures					
	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
Board of Education	\$ 44,400	\$ 62,143	62,143	\$	\$
Central Administration	302,300	338,285	338,285		
Finance	494,100	632,510	602,200	30,310	
Staff	512,834	578,403	578,403		
Central Services	3,764,784	3,993,289	3,993,289		
Special Items	1,182,662	939,118	939,118		
Total General Support	6,301,080	6,543,748	6,513,438	30,310	
Instruction					
Instruction, Administration, and Improvement	1,633,529	1,840,946	1,840,946		
Teaching - Regular School	20,493,510	19,711,053	19,711,027	26	
Programs for Children With Special Needs	7,811,431	7,452,889	7,452,640	249	
Occupational Education	1,579,829	1,629,168	1,629,168		
Teaching - Special School	101,000	67,380	67,380		
Instructional Media	686,518	622,980	622,980		
Pupil Services	2,888,297	2,727,286	2,722,101	5,185	
Total Instruction	35,194,114	34,051,702	34,046,242	5,460	
Pupil Transportation	2,116,000	2,434,903	2,434,903		
Community Services	45,000	31,308	31,308		
Employee Benefits	16,679,340	18,690,972	18,690,972		
Debt Service - Principal	2,560,000	1,560,363	1,560,363		
Debt Service - Interest	1,475,000	1,082,461	1,082,461		
Total Expenditures	64,370,534	64,395,457	64,359,687	35,770	
Other Financing Uses					
BANs Redeemed from Appropriations		610,016	610,016		
Transfers to Other Funds	100,000	106,382	106,382		
Total Expenditures and Other Financing Uses	\$ 64,470,534	\$ 65,111,855	65,076,085	\$ 35,770	\$
Net Change in Fund Balance			(572,327)		
Fund Balance - Beginning of Year			5,726,690		
Fund Balance - End of Year			\$ 5,154,363		

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

See Independent Auditor's Report.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2025

Measurement Date	2025 *	2024 *	2023 *	2022 *	2021 *	2020 *	2019 *	2018 *
	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability	\$ 4,424,796	\$ 4,235,174	\$ 3,841,445	\$ 6,177,758	\$ 6,061,380	\$ 6,409,056	\$ 5,779,672	\$ 5,698,393
Service Cost	6,348,256	5,966,233	5,265,308	3,498,533	4,017,332	5,435,719	6,820,235	6,469,742
Interest Cost		(810,369)						
Effect of Plan Changes		709,766		25,385,997	(119,122)	(75,830,451)	(510,226)	(308,280)
Differences Between Expected and Actual Experience	(26,585,488)	(6,786,537)	10,410,880	(61,579,458)	12,286,023	35,765,663	(1,145,644)	(1,925,093)
Changes in Assumptions and Other Inputs	(5,567,188)	(5,290,980)	(5,089,903)	(4,158,645)	(4,080,304)	(3,686,778)	(3,420,674)	(3,271,495)
Benefit Payments	(21,379,624)	(1,976,713)	14,427,730	(30,675,815)	18,165,309	(31,906,791)	7,523,363	6,663,267
Net change in total OPEB Liability								
Total OPEB Liability - Beginning	\$ 159,892,030	\$ 161,868,743	\$ 147,441,013	\$ 178,116,828	\$ 159,951,519	\$ 191,858,310	\$ 184,334,947	\$ 177,671,680
Total OPEB Liability - Ending	\$ 138,512,406	\$ 159,892,030	\$ 161,868,743	\$ 147,441,013	\$ 178,116,828	\$ 159,951,519	\$ 191,858,310	\$ 184,334,947
Covered payroll	\$ 28,945,188	\$ 28,945,113	\$ 27,271,429	\$ 25,769,920	\$ 24,912,218	\$ 23,837,711	\$ 23,679,550	\$ 23,381,853
Total OPEB Liability as a percentage of covered payroll	478.53%	552.40%	593.55%	572.14%	714.98%	671.00%	810.23%	788.37%

* 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

Notes to Required Supplementary Information:

The District's net OPEB liability is not funded. Therefore, the liability is the net position of the plan. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 10 to the financial statements.

Changes to Assumptions -

Changes of assumptions for the 6/30/25 measurement date and other inputs reflect a change in the discount rate from 3.93% at 6/30/24 to 5.2% at 6/30/25.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
SCHEDULES OF DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2025**

	ERS Pension Plan Last 10 Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 709,162	\$ 568,629	\$ 481,828	\$ 455,861	\$ 701,839	\$ 654,883	\$ 656,698	\$ 714,741	\$ 843,297	\$ 816,875
Contributions in Relation to the Contractually Required Contribution	709,162	568,629	481,828	455,861	701,839	654,883	656,698	714,741	843,297	816,875
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
School District's Covered-ERS Employee Payroll	\$ 4,685,700	\$ 4,364,935	\$ 4,120,523	\$ 3,837,783	\$ 4,199,050	\$ 4,241,417	\$ 4,384,342	\$ 4,362,956	\$ 4,621,063	\$ 4,422,534
Contributions as a Percentage of Covered-Employee Payroll	15.13%	13.03%	11.69%	11.88%	16.71%	15.44%	14.98%	16.38%	18.25%	18.47%

	TRS Pension Plan Last 10 Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 2,269,848	\$ 2,258,435	\$ 2,214,251	\$ 2,008,209	\$ 1,935,064	\$ 1,966,901	\$ 1,787,168	\$ 2,118,097	\$ 2,304,894	\$ 3,091,162
Contributions in Relation to the Contractually Required Contribution	2,269,848	2,258,435	2,214,251	2,008,209	1,935,064	1,966,901	1,787,168	2,118,097	2,304,894	3,091,162
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
School District's Covered-TRS Employee Payroll	\$ 22,451,513	\$ 23,139,703	\$ 21,518,474	\$ 20,491,929	\$ 20,304,974	\$ 22,199,786	\$ 16,828,324	\$ 21,613,235	\$ 19,666,331	\$ 23,311,931
Contributions as a Percentage of Covered-Employee Payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%

NEW HARTFORD CENTRAL SCHOOL DISTRICT
 SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
 For the Year Ended June 30, 2025

ERS Pension Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/liability	0.0120040%	0.0121079%	0.0121528%	0.0115707%	0.0117808%	0.0126341%	0.0128567%	0.0142812%	0.0142714%	0.0146457%
District's proportionate share of the net pension asset (liability)	\$ (2,058,167)	\$ (1,782,768)	\$ (2,606,046)	\$ 945,855	\$ (11,731)	\$ (3,345,594)	\$ (910,939)	\$ (460,918)	\$ (1,340,976)	\$ (2,350,675)
District's covered-employee payroll	\$ 4,685,700	\$ 4,364,935	\$ 4,120,523	\$ 3,837,783	\$ 4,199,050	\$ 4,241,417	\$ 4,384,342	\$ 4,362,956	\$ 4,621,063	\$ 4,422,534
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	(43.92%)	(40.84%)	(63.25%)	24.65%	(0.28%)	(78.88%)	(20.78%)	(10.56%)	(29.02%)	(53.15%)
Plan fiduciary net position as a percentage of total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.30%	98.20%	94.70%	90.70%

TRS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the net pension asset/liability	0.117204%	0.113284%	0.112780%	0.112780%	0.117657%	0.111554%	0.110958%	0.111956%	0.114046%	0.112645%
District's proportionate share of the net pension asset (liability)	\$ 3,495,898	\$ (1,295,495)	\$ (2,164,122)	\$ (2,164,122)	\$ 20,388,764	\$ (3,082,526)	\$ 2,882,701	\$ 2,024,464	\$ 866,861	\$ (1,206,479)
District's covered-employee payroll	\$ 23,139,703	\$ 21,518,474	\$ 20,491,929	\$ 20,304,974	\$ 22,199,786	\$ 16,828,324	\$ 21,613,235	\$ 19,666,331	\$ 23,311,931	\$ 13,418,351
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	15.11%	(6.02%)	(10.56%)	(10.66%)	91.84%	(18.32%)	13.34%	10.29%	3.72%	(8.99%)
Plan fiduciary net position as a percentage of total pension liability	102.10%	99.20%	98.60%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND REAL PROPERTY TAX LIMIT - GENERAL FUND
For the Year Ended June 30, 2025**

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 64,443,792
Add: Prior Year's Encumbrances	<u>26,742</u>
Original Budget	\$ 64,470,534
Amendments:	
Donation	5,185
Unanticipated Excess Contingent Expense	<u>636,136</u>
Final Budget	<u>\$ 65,111,855</u>

Section 1318 of Real Property Tax Law Limit Calculation

2025-26 Voter-Approved Expenditure Budget	<u>\$ 67,724,281</u>
Maximum Allowed (4% of 2025-26 budget)	<u>\$ 2,708,971</u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law :	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 935,770
Unassigned Fund Balance	<u>2,517,808</u>
Total Unrestricted Fund Balance	3,453,578
Less:	
Appropriated Fund Balance	900,000
Encumbrances Included in Committed and Assigned Fund Balance	<u>35,770</u>
Total adjustments	<u>935,770</u>
General Fund's Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 2,517,808</u>
Actual Percentage	3.7%

See Independent Auditor's Report.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2025

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures		Unexpended Balance	Proceeds of Obligations	Methods of Financing		Total	Fund Balance (Deficit) June 30, 2025
			Prior Years	Current Year			Federal and State Aid	Local Sources		
Buses	\$ 3,897,019	\$ 3,897,019	\$ 3,916,626	\$ (19,607)	\$ 3,916,626	\$ 1,148,509	\$ 3,046,720	\$ 3,046,720	\$ (869,906)	
Smart Bonds Project	1,167,221	1,167,221	1,161,114	6,107	1,161,114			1,148,509	(12,605)	
Buses - 2020/21	455,000	455,000	455,095	(95)	455,095		420,000	420,000	(35,095)	
Buses - 2022/23	554,000	554,000	553,784	216	553,784		465,000	465,000	(88,784)	
Buses - 2023/24	683,077	683,077	673,396	9,681	673,396		621,077	621,077	(52,319)	
Buses - 2024/25	671,016	671,016	667,506	3,510	667,506		610,016	610,016	(57,490)	
2023-2024 Capital Outlay	100,000	100,000	11,121	88,879	11,121		11,121	11,121		
2021 Capital Project	39,815,000	39,815,000	3,938,341	20,021,198	23,959,539		335,000	335,000	(23,624,539)	
2023 Capital Project	44,700,000	44,700,000	122,880	44,577,120	122,880				(122,880)	
Totals	\$ 92,042,333	\$ 92,042,333	\$ 10,698,356	\$ 20,822,705	\$ 31,521,061	\$ 1,148,509	\$ 5,508,934	\$ 6,657,443	\$ (24,863,618)	

See Independent Auditor's Report.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2025

Capital and Leased Assets, Net	\$ <u>75,381,065</u>
Deduct:	
Fund Balance (Deficit)	24,863,618
Lease Liability	120,550
Serial Bonds Payable	<u>8,670,000</u>
	<u>33,654,168</u>
Net Investment in Capital Assets	\$ <u>41,726,897</u>

See Independent Auditor's Report.

D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Education

New Hartford Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Hartford Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise New Hartford Central School District's basic financial statements, and have issued our report thereon dated October 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Hartford Central 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 school district's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 10, 2025

Utica, New York

NEW HARTFORD CENTRAL
SCHOOL DISTRICT

EXTRACLASROOM
ACTIVITY FUND

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2025

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
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D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
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Independent Auditor's Report

Board of Education
New Hartford Central School District

Qualified Opinion

We have audited the accompanying financial statements of the Extraclassroom Activity Fund of New Hartford Central School District, which comprise the statement of assets, liabilities, and fund equity - cash basis as of June 30, 2025, and the related statement of revenues, expenditures, and changes in fund equity - cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund equity of the Extraclassroom Activity Fund of New Hartford Central School District as of June 30, 2025, and its revenues, expenditures, and changes in fund equity for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Extraclassroom Activity Fund of New Hartford Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion. Insufficient accounting controls are exercised over cash receipts at the point of collection to the time of submission to the central treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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 Extraclassroom Activity Fund of New Hartford Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on pages 6 and 7 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the opinion paragraphs, the information is fairly stated in all material respects in relation to the financial statements as a whole.

D'Arcangelo + Co., LLP

October 10, 2025

Utica, New York

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY- CASH BASIS
June 30, 2025**

<u>Assets</u>	
Cash	\$ <u>60,404</u>
<u>Total Assets</u>	<u>\$ 60,404</u>
<u>Fund Equity</u>	
Assigned	\$ <u>60,404</u>
<u>Fund Equity</u>	<u>\$ 60,404</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY - CASH BASIS
For the Year Ended June 30, 2025**

Revenues	
Charges for Services, Sale of Property, and Miscellaneous	\$ <u>131,232</u>
Total Revenues	<u>131,232</u>
Expenditures	
Instruction - Club Activities	<u>125,858</u>
Total Expenditures	<u>125,858</u>
Excess Revenues Over Expenditures	5,374
<u>Fund Equity, Beginning of Year</u>	<u>55,030</u>
<u>Fund Equity, End of Year</u>	<u>\$ 60,404</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

The transactions of the Extraclassroom Activity Fund are considered part of the reporting entity of the New Hartford Central School District. The related year-end cash balances are shown as part of the Custodial Fund with the respective offset being shown as net position restricted for extraclassroom activities.

Basis of Accounting

The books and records of the School District's Extraclassroom Activity Fund are maintained on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recognized when cash is received, and expenditures are recognized when cash is disbursed.

Fund Equity Assigned

Fund equity includes amounts that are constrained by the Extraclassroom Activity Funds of the New Hartford Central School District's intent to be used for specific purposes of the respective activity, but are neither restricted nor committed.

Cash and Cash Equivalents

The Fund's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

2. CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. As of June 30, 2025, the School District's Extraclassroom bank balances of \$62,904 were covered by FDIC.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
For the Year Ended June 30, 2025**

Activities	Cash and Fund Equity 7/1/2024	Cash Receipts	Disbursements	Cash and Fund Equity 6/30/2025
Senior High School				
Senior Class	\$ 1,966	\$ 24,714	\$ 26,104	\$ 576
Junior Class	2,561	17,286	17,360	2,487
Sophomore Class	251	1,183	421	1,013
Alternative Energy Club	649	0	0	649
Art Club	2,456	579	579	2,456
Astronomy Club	107	123	0	230
Book Club	71	91	57	105
Boys Varsity Bowling	1,332	750	692	1,390
Boys Varsity Swim	244	614	565	293
Cheerleading Club	28	0	0	28
Choir	38	0	0	38
Communications Club	2,958	0	0	2,958
Ecology Club	1,193	6,651	7,813	31
French Club	321	132	41	412
Girls Varsity Swim	946	961	1,221	686
Girls Varsity Tennis	1,072	0	509	563
Jedediatic	870	13,286	13,810	346
Key Club	671	6,281	5,196	1,756
Leadership Core	306	0	25	281
Masque	12,474	38,062	35,703	14,833
Model UN	699	670	0	1,369
Multi-Cultural Club	167	0	0	167
National Honor Society	800	1,278	1,410	668
NH Show Choir	13	0	0	13
Physical Science Club	361	130	0	491
Prism	360	0	50	310
Project Purple	52	0	0	52
Psychology	7	92	0	99
Sales Tax	939	292	476	755
Science Olympiad	85	124	140	69
SJE	53	866	0	919
Spanish Club	212	0	0	212
Spartan2Spartan	536	1,675	1,200	1,011
Spartan Express	247	0	0	247
Student Council	3,635	1,170	1,007	3,798
TRI M Club	479	1,866	1,155	1,190
YAC Club	48	0	0	48
Total Senior High School	39,207	118,876	115,534	42,549

(Continued)

See Independent Auditor's Report

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
For the Year Ended June 30, 2025**

(Continued)

Activities	Cash and Fund Equity 7/1/2024	Cash Receipts	Disbursements	Cash and Fund Equity 6/30/2025
<u>Perry Junior High</u>				
Art Club	480	287	112	655
Builder's Club	235	485	451	269
Freshman Class	2,510	4,179	5,095	1,594
Janus	437	653	750	340
Latin Club	231	4,517	2,633	2,115
Pal2Pal	592	339	443	488
PRISM	221	0	0	221
Project Purple	370	88	0	458
SJE	870	337	240	967
Student Council	2,243	259	0	2,502
World Languages Club	106	0	0	106
Yearbook	<u>7,528</u>	<u>1,212</u>	<u>600</u>	<u>8,140</u>
Total Perry Junior High	<u>15,823</u>	<u>12,356</u>	<u>10,324</u>	<u>17,855</u>
 Total	 <u>\$ 55,030</u>	 <u>\$ 131,232</u>	 <u>\$ 125,858</u>	 <u>\$ 60,404</u>

See Independent Auditor's Report

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

Required Communication with Board of Education

Board of Education

New Hartford Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Hartford Central School District for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 2, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by New Hartford Central School District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District **changed** its accounting policies related to recognition and reporting of compensated absences by **adopting** Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, in 2025. We noted no transactions entered into by New Hartford Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on **management's knowledge and experience about past and current** events and assumptions about future events. Certain **accounting estimates are particularly sensitive because of their** significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

1. The District, in accordance with **GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension**, requires **significant** actuarial estimates to calculate the District's postemployment benefits liability.
2. The District's estimate of its compensated absences liability in accordance with GASB No. 101.
3. Estimates involving depreciable lives of the District's capital assets and the related depreciation.
4. The District, in accordance with GASB No. 68, "Accounting and Financial Reporting for Pensions (as amended by GASB Statement 71)," requires significant actuarial estimates to calculate the net pension assets and liabilities, deferred inflows and outflows of resources-pensions, and pension expense.
5. Estimated claims incurred but not reported (IBNR).

We evaluated the key factors and assumptions used by management in determining that the accounting estimates were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to

each opinion unit's financial statements taken as a whole. The attached schedule summarizes corrected misstatements of the financial statements.

In addition, the attached schedule summarizes uncorrected misstatements of the financial statements from the current year. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 10, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to New Hartford Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as New Hartford Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balance budget and actual –general fund, the schedules of changes in the District's total OPEB Liability and related ratios, the schedule of District's Contributions and the schedule of District's proportionate share of the net pension liability which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedules of change from original budget to revised budget, section 1318 of real property tax law limit calculation, the schedule of project expenditures-capital projects fund, and the net investment in capital assets, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Findings and Recommendations

In addition, we have enclosed a memorandum summarizing matters involving the internal control structure and its operations that we feel can be improved and strengthened. These matters are not considered to be significant deficiencies or material weaknesses.

Restriction on Use

This information is intended solely for the information and use of the Board of Education and management of the New Hartford Central School District, and the New York State Education Department and is not intended to be, and should not be, used by anyone other than these specified parties.

D'Arcangelo + Co., LLP

October 10, 2025

Utica, New York

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the Year Ended June 30, 2025

A. Budget Monitoring

Criteria: Budget monitoring is essential to ensure that the District does not exceed the voter-approved budget and maintains adequate reserves to support long-term financial stability.

Condition: During the current and prior year audits, it was noted that the District overspent its budget for health insurance due to unanticipated increases in costs. This has resulted in substantial excess expenditures over revenues for two consecutive years and has significantly reduced available reserves. Current projections for the 2025–2026 budget indicate that health insurance costs will continue to exert financial pressure.

Effect or Potential Effect: Continued budget deficits could further deplete reserves, reduce the District's financial flexibility, and limit resources available for educational programs.

Context: District's 2024-2025 budget and long-term financial position

Cause: Unanticipated contingent obligations

Recommendation: We recommend that the District perform mid-year reviews that include variance analysis and corrective action planning as part of the budget monitoring. This would assist in identifying and proposing cost-containment strategies or reductions in nonessential functions, if necessary, to prevent continued budget overruns.

NEW HARTFORD CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the Year Ended June 30, 2025

A. Internal Claims Auditor

During our inquiry and testing of the internal claims auditor responsibilities, we noted the following:

- Check numbers are not logged and tracked to ensure completeness
- There is no formal reporting to the board throughout the year
- Documentation provided to support the payment does not include the physical check

We recommend that the duties and procedures performed by the internal claims auditor be reviewed and modified as deemed necessary to address the above findings.

Status: The above recommendations have been implemented.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
 SUMMARY OF PASSED AUDIT DIFFERENCES-GENERAL FUND
 For the Year Ended June 30, 2025**

Statement of Activities Misstatements	Current Year Over (Under) Statement
Accrual for BAN interest – general fund (Current year)	\$ (16,444)
Incentive Leave pay (Prior year)	253,660
Incentive Leave pay (Current year)	(169,343)
Cumulative differences:	\$ _____
Effect of unadjusted audit differences—prior year:	253,660
Cumulative effect (after effect of prior year differences)	\$ 67,873
Reclassification adjustments:	\$ _____
Statement of financial position misstatements (including reclassifications):	
Total assets	\$ _____
Total liabilities	67,873
Net position:	
Beginning	(253,660)
Ending	\$ 67,873

D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
SUMMARY OF PASSED AUDIT DIFFERENCES-CAPITAL FUND
For the Year Ended June 30, 2025**

<u>Statement of Activities Misstatements</u>	<u>Current Year Over (Under) Statement</u>
Accrual for Accounts Payable – Capital fund (Current year)	\$ <u>(24,493)</u>
Cumulative differences:	\$ _____
Effect of unadjusted audit differences—prior year:	<u>0</u>
Cumulative effect (after effect of prior year differences)	\$ <u>24,493</u>
Reclassification adjustments:	\$ _____
Statement of financial position misstatements (including reclassifications):	
Total assets	\$ _____
Total liabilities	<u>(24,493)</u>
Net position:	
Beginning	<u>0</u>
Ending	\$ <u>24,493</u>

Client: **60488 - New Hartford Central School District**
 Engagement: **2025 Audit - New Hartford Central School District**
 Period Ending: **6/30/2025**
 Workpaper: **3400.05 - Adjusting Journal entry report**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
GW - To record payment on serial bonds			
GW 0628	Bonds Payable	1,110,000.00	
GW 9711-600	Serial Bonds Principal-Sch Const		1,110,000.00
Total		1,110,000.00	1,110,000.00
Adjusting Journal Entries JE # 2			
GW - To adjust accrued interest % to current year's calculation			
GW 0651	Accrued Interest Payable	1,034.00	
GW 9711-700	Serial Bonds Interest-Sch Const		1,034.00
Total		1,034.00	1,034.00
Adjusting Journal Entries JE # 4			
GW - To adjust ERS to report			
GW 0498	Deferred Outflows-Contributions Subsequent to Measurement Date	27,257.00	
GW 0697	Deferred Inflows of Resources-ERS	909,510.00	
GW 0496	Deferred Outflows of Resources-ERS		472,747.00
GW 0638	Net Pension Liability-Proportionate Share		275,399.00
GW 9010-800	Pension Expense-ERS		188,621.00
GW 0107	Net Pension Asset-Proportionate Share ERS		
Total		936,767.00	936,767.00
Adjusting Journal Entries JE # 5			
GW - To adjust TRS to report			
GW 0108	Net Pension Asset-Proportionate Share TRS	3,496,898.00	
GW 0498	Deferred Outflows-Contributions Subsequent to Measurement Date	11,413.00	
GW 0639	Net Pension Liability - Proportionate Share TRS	1,295,495.00	
GW 0497	Deferred Outflows of Resources -TRS		811,788.00
GW 0698	Deferred Inflows of Resources-TRS		3,714,526.00
GW 9020-800	Pension Expense- TRS		277,492.00
Total		4,803,806.00	4,803,806.00
Adjusting Journal Entries JE # 6			
GW - To adjust compensated absences to actual			
GW 9098-900	Employee Benefits Allocation	583,697.00	
GW 0687	Compensated Absences		583,697.00
Total		583,697.00	583,697.00
Adjusting Journal Entries JE # 7			
GW - To record and adjust OPEB liability			
GW 0683	OPEB Liability	21,379,624.00	
GW 0691	Deferred Inflows of Resources-OPEB	3,650,674.00	
GW 0495	Deferred Outflows of Resources, OPEB		14,799,796.00
GW 9098-900	Employee Benefits Allocation		10,230,502.00
Total		25,030,298.00	25,030,298.00
Adjusting Journal Entries JE # 8			
GW - To record additions to fixed assets			
GW 0103	Buildings	8,675.00	
GW 0104	Furniture and Equipment	37,064.00	
GW 0105	Construction Work in Progress	20,762,807.00	
GW 0106	Vehicles	704,956.00	
GW 1620-200	Operations of Plant-Equipment		45,739.00
GW 2000	Capital Outlay Project		20,762,807.00
GW 5510-210	Dist Transportation(Med)-Buses		704,956.00
Total		21,513,502.00	21,513,502.00
Adjusting Journal Entries JE # 9			
GW - To record disposals to fixed assets			
GW 0115	Vehicles - Acc Depr	459,322.00	
GW 0106	Vehicles		459,322.00
Total		459,322.00	459,322.00
Adjusting Journal Entries JE # 10			
GW - To record depreciation			

GW 1999-300	General Support - Depreciation	184,648.00	
GW 2999-300	Instruction - Depreciation	1,743,902.00	
GW 5599-300	Transportation - Depreciation	123,099.00	
GW 0111	Land Improvements - Acc Depr		4,188.00
GW 0112	Buildings - Acc Depr		1,424,387.00
GW 0114	Equipment - Acc Depr		124,141.00
GW 0115	Vehicles - Acc Depr		498,933.00
Total		<u>2,051,649.00</u>	<u>2,951,848.00</u>

Adjusting Journal Entries JE # 11

GW - To record allocation of employee benefits

GW 1999-900	General Support - Employee Benefit Allocation	732,450.00	
GW 2999-900	Instruction - Employee Benefit Allocation	7,267,132.00	
GW 5599-900	Transportation - Employee Benefit Allocation	549,432.00	
GW 6999-900	School Lunch - Employee Benefit Allocation	29,346.00	
GW 9098-900	Employee Benefits Allocation		8,578,360.00
Total		<u>8,578,360.00</u>	<u>8,578,360.00</u>

Adjusting Journal Entries JE # 12

to record current year IPA and one time purchase additions

GW-C00-10-K124-000	Intangible Lease Asset Machinery and Equipment	508,848.00	
GW-C00-60-2110-200	Teach Reg School-Equipment		508,848.00
GW-C00-20-W682-000	Lease Liability		
GW-C00-42-5788-000	Proceeds of Leases		
GW-C00-60-9788-700	Leases - Principal		
Total		<u>508,848.00</u>	<u>508,848.00</u>

Adjusting Journal Entries JE # 13

to record current year lease payment

GW-C00-20-W682-000	Lease Liability	115,363.00	
GW-C00-60-9788-700	Leases - Principal		115,363.00
Total		<u>115,363.00</u>	<u>115,363.00</u>

Adjusting Journal Entries JE # 14

to record current year disposals of lease assets

GW-C00-10-K134-000	Accumulated Amortization - Intangible Lease Asset-Machinery and Equipment	118,166.00	
GW-C00-10-K124-000	Intangible Lease Asset Machinery and Equipment		118,166.00
Total		<u>118,166.00</u>	<u>118,166.00</u>

Adjusting Journal Entries JE # 15

to record current year lease amortization for leases (IPAs and one time purchases)

GW-C00-60-2110-350	Instruction - Amortization	816,163.00	
GW-C00-10-K134-000	Accumulated Amortization - Intangible Lease Asset-Machinery and Equipment		816,163.00
Total		<u>816,163.00</u>	<u>816,163.00</u>

Adjusting Journal Entries JE # 16

To reclassify Bus BAN interest payable to the correcy account.

A600	ACCOUNTS PAYABLE	34,627.00	
A651	Accrued Interest Payable		34,627.00
Total		<u>34,627.00</u>	<u>34,627.00</u>

Adjusting Journal Entries JE # 18

GW entry for capital project retainage

GW 2000	Capital Outlay Project	607,608.00	
GW 0605	Retainage Payable		607,608.00
Total		<u>607,608.00</u>	<u>607,608.00</u>

Adjusting Journal Entries JE # 20

to restate compensated absence beginning balance calculated in accordance with GASB 101

GW-C00-34-0911-000	Unappropriated Fund Balance - Prior Period Adjustment	3,678,349.00	
GW 0687	Compensated Absences		3,678,349.00
Total		<u>3,678,349.00</u>	<u>3,678,349.00</u>

Total Adjusting Journal Entries

<u>70,947,559.00</u>	<u>70,947,559.00</u>
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Reclassifying Journal Entries

Reclassifying Journal Entries JE # 101

to reallocate reserve to reserve for retirement contributions

A863	INSURANCE RESERVE	93,280.00	
A827	RESERVE FOR RETIREMENT CONTRIBUTIONS		93,280.00
Total		<u>93,280.00</u>	<u>93,280.00</u>

Reclassifying Journal Entries JE # 102

client entry #487 to decrease reserves

A827	RESERVE FOR RETIREMENT CONTRIBUTIONS	102,093.00	
A862	RESERVE FOR LIABILITY CLAIMS	464,628.00	
A863	INSURANCE RESERVE	36,404.00	
A864	RESERVE FOR TAX CERTIORARI	181,125.00	
A909	UNAPPROPRIATED FUND BALANCE		784,250.00
Total		<u>784,250.00</u>	<u>784,250.00</u>

Reclassifying Journal Entries JE # 103

client entry #477 to reverse JE383-BAN interest to GF

A 9731.700-00	INTEREST - BAN - CONSTRUCTION	794,288.00	
H010 630	DUE TO OTHER FUNDS	794,288.00	
A391	DUE FROM OTHER FUNDS		794,288.00
H010 9901.960-00	TRANSFER TO DEBT SERVICE		794,288.00
Total		<u>1,588,576.00</u>	<u>1,588,576.00</u>

Reclassifying Journal Entries JE # 104

client entry (tax cert reserve reversal)

A909	UNAPPROPRIATED FUND BALANCE	181,125.00	
A864	RESERVE FOR TAX CERTIORARI		181,125.00
Total		<u>181,125.00</u>	<u>181,125.00</u>

Reclassifying Journal Entries JE # 105

to reduce old construction BAN by principal amount paid during the renewal of BAN.

H010 626	BOND ANTICIPATION NOTES PAYABLE	335,000.00	
H010 5731	BAN Redeemed from Appropriation		335,000.00
Total		<u>335,000.00</u>	<u>335,000.00</u>

Total Reclassifying Journal Entries

<u>2,982,231.00</u>	<u>2,982,231.00</u>
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Total All Journal Entries

<u>73,929,790.00</u>	<u>73,929,790.00</u>
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D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

Extraclassroom Activity Fund
Required Communication with Those Charged With Governance

Board of Education

New Hartford Central School District

We have audited the financial statements of the Extraclassroom Activity Funds of New Hartford Central School District for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 2, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Extraclassroom Activity Funds of New Hartford Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year. We noted no transactions entered into by Extraclassroom Activity Funds of New Hartford Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 10, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Extraclassroom Activity Funds of New Hartford Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Extraclassroom Activity Funds of New Hartford Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Education and management of the New Hartford Central School District, and the New York State Education Department and is not intended to be, and should not be, used by anyone other than these specified parties.

D'Arcangelo + Co., LLP

October 10, 2025

Utica, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

Extraclassroom Activity Fund
Required Communication of Areas in Need of Improvement

Board of Education
New Hartford Central School District

In planning and performing our audit of the Extraclassroom Activity Funds of the New Hartford Central School District as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Extraclassroom Activity Funds of the New Hartford Central School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Funds' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify **all deficiencies** in internal control that might be material weaknesses or significant deficiencies and, therefore, material **weaknesses** or significant deficiencies may exist that were not identified. However, as discussed in the attached schedule, we identified certain deficiencies in internal control that we consider material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant **deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet **important** enough to merit attention by those charged with governance.

The material weaknesses, significant deficiencies, and other matters are identified and described in the attached schedule of findings and recommendations.

This communication is intended solely for the information and use of management, the Board of Education, the New York State Education Department, and the New York State Comptroller's Office, and others within New Hartford Central School District and is not intended to be and should not be used by anyone other than these specified parties.

D'Arcangelo + Co., LLP

October 10, 2025

Utica, New York

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2025**

There were no new findings or recommendations noted during the current year audit. See the status of prior year audit findings and recommendations.

**NEW HARTFORD CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND
STATUS OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2025**

I. Material Weaknesses

A. Extraclassroom Cash Receipts

Our audit of the Extraclassroom accounts in the Custodial Fund determined that insufficient accounting controls are exercised over cash receipts at the point of collection to the time of submission to the Central Treasurer.

Accordingly, it was impractical to extend our audit of cash receipts beyond the amounts recorded.

Status: Noted again during the current year audit.

B. Student Ledgers

It was noted during the review of Extraclassroom Activity Funds that some middle school and high school clubs do not maintain student ledgers.

It is recommended that all clubs maintain student ledgers and they should be reconciled on a periodic basis with the books maintained by the Central Treasurer.

Status: Noted again during the current year audit.

II. Significant Deficiencies

A. Activity Fund Management

The Board of Education of the School District **has the ultimate responsibility** for the safeguarding of the Extraclassroom Activity Fund. The Board delegates this responsibility to the central treasurer, the faculty advisors, and the activity advisors.

In order to help monitor the plans and operations of the various activities, we suggest that at the start of each school year the activity advisors and activity officers prepare a program outline indicating the various events to be held, the anticipated profits, and the plans for the proceeds. As each event is completed, the program outline should be compared to the actual results and a report filed with the activity records for future reference. A copy of the program outline should be given to the faculty advisor and central treasurer so they can anticipate the various events throughout the year.

Each individual activity fund should prepare a profit/loss statement. These will provide insight into the profitability and costs of operating them.

A good internal control over the District's extraclassroom activity is the completion of a monthly reconciliation report, by each club, comparing the club's independently maintained ledger to the records of the Central Treasurer. We recommend the Central Treasurer ensure these reconciliations are completed monthly by each club and are properly signed and retained for review.

Status: Noted some clubs have completed the profit and loss statements but not all clubs that had a fundraiser during the year, completed one. In addition, noted certain clubs expressed a need for further training on how to complete this analysis.

B. Inactive Clubs

During our audit, we noted clubs included in the Extraclassroom Activity Fund summary, which had no financial activity throughout the school year.

We suggest that the activities of these clubs be evaluated. If the clubs are inactive monetarily and do not have any other type of activity, then those clubs should be closed with the money transferred into a general student account or an account designed by the School District's Extraclassroom policy.

Status: Noted again during the current year audit.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

October 10, 2025

Joe Barretta
Assistant Superintendent for Business Affairs
New Hartford Central School District
33 Oxford Road
New Hartford, NY 13413

Dear Joe:

Enclosed you will find copies of the audit reports and communication letters. We have also sent you the electronic version of the files. The files and your board resolution accepting the reports must be filed by October 15 as follows:

The **NYSED Business Portal** has the following sections. Within each section there are questions and areas to upload documents.

1. Annual Financial Statement Audits
2. Federal Single Audits (as needed)
3. Extra Classroom Audits
4. Information on Independent Auditor
5. Corrective Action Plans (as needed)
6. Data Collection Form (as needed)

If you have any questions, please email **FsandSingleAudit@nysed.gov**.

Reports must also be sent by October 15 to the NYS Comptroller's Office with a copy of the District's corrective action plan, if applicable:

Email to: **AFRFILE@osc.ny.gov** (NYS Comptroller's Office)

Or mail to:

Office of the NYS Comptroller
Division of Local Government and School Accountability
Data Management Unit, 12th Floor
110 State Street
Albany, NY 12236

Due to the change in submission requirements, we have not electronically filed any reports or communication letters to either the New York State Education Department or to the Office of the NYS Comptroller.

The Audit Report also needs to be provided to your disclosure dissemination agent, for filing to the Electronic Municipal Market Access ("EMMA") system of the **Municipal Securities Rulemaking Board** ("MSRB") in such electronic format as is prescribed by the MSRB within **sixty days** following receipt by the School District of audited financial statements.

Page 2

Joe Barretta

Assistant Superintendent for Business Affairs

New Hartford Central School District

October 10, 2025

Wording for the public notice suggested in the legislation is:

*Notice is hereby given that the fiscal affairs of _____ BOCES for the period beginning on _____ and ending on _____, have been **examined** by (the Office of the State Comptroller or an independent public accountant), and that the (report of examination performed by the Office of the State Comptroller or report of, or management letter prepared in conjunction with the external audit by the independent public accountant) has been filed in my office where it is available as a public record for inspection by all interested persons. Pursuant to §35 of the General Municipal Law, the governing board of _____ BOCES may, in its discretion, prepare a written response to the (report of examination performed by the Office of the State Comptroller or the report of external audit or management letter by independent public accountant) and file any such response in my office as a public record for inspection by all interested persons no later than _____.*

If you have any questions, please do not hesitate to contact us.

Very truly yours,

D'ARCANGELO & CO., LLP

Tricia L. Lucas, CPA

Tricia L. Lucas, CPA, CGMA

Partner

TLL/kl

Enclosures

APPENDIX C
Material Event Notices

Material Event Notices

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

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

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

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

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

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

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

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

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

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

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