

PRELIMINARY OFFICIAL STATEMENT DATED MAY 26, 2026

RATING: SEE "RATING" SECTION HEREIN

SERIAL BONDS

In the opinion of Bond Counsel, under the existing statutes, regulations and court decisions, interest on the Bonds is excludable from gross income for Federal income tax purposes, and, under the existing statutes, interest on the Bonds is exempt from New York State and New York City personal income taxes. In the opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of Federal alternative minimum tax; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. No opinion is expressed regarding other Federal tax consequences arising with respect to the Bonds. See "Tax Exemption" herein.

The Bonds will **NOT** be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

**TUPPER LAKE CENTRAL SCHOOL DISTRICT
FRANKLIN COUNTY, NEW YORK**

\$19,735,000
SCHOOL DISTRICT SERIAL BONDS, 2026
(the "Bonds")

Dated Date: June 18, 2026

Maturity Dates: June 15, 2027-2041

MATURITIES***

Year	Amount*	Year	Amount*	Year	Amount*
2027	\$785,000	2032	\$1,140,000	2037	\$1,530,000 **
2028	940,000	2033	1,195,000	2038	1,605,000 **
2029	980,000	2034	1,325,000	2039	1,685,000 **
2030	1,050,000	2035	1,385,000 **	2040	1,755,000 **
2031	1,085,000	2036	1,455,000 **	2041	1,820,000 **

*Principal amounts are subject to change pursuant to the accompanying Notice of Bond Sale in order to achieve substantially level or declining annual debt service.

** The Bonds maturing in the years 2035-2041 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS – Optional Redemption for the Bonds" herein.

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

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on Bonds will be payable on December 15, 2026, and semi-annually thereafter on June 15 and December 15 in each year until maturity (or early redemption). Principal and interest will be paid by the District to DTC, which in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY-SYSTEM" herein. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals for the Bonds shall be for not less than \$19,735,000 and accrued interest, if any, on the total principal amount of the Bonds. Proposals must be accompanied by a good faith deposit in the form of a wire transfer or certified or cashier's check, payable to the order of Tupper Lake Central School District Franklin County, New York, in the amount of \$197,350.

The Bonds are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the legal opinion as to the validity of the Bonds of Timothy R. McGill, Esq., of Fairport, New York, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery in Jersey City, New Jersey (through the facilities of DTC) or at such other place as may be agreed with the purchaser(s) on or about June 18, 2026.

Electronic or Facsimile bids will be received THURSDAY, June 4, 2026 until 10:30 a.m. Prevailing Time, in accordance with the Notice of Bond Sale that accompanies this Official Statement at R.G. Timbs, Inc., 11 Meadowbrook Road, Whitesboro, New York 13492, fax (315) 266-9212. Electronic bids for the Bonds may be submitted via facsimile or iPreo's Parity Electronic Bid Submission System ("PARITY"), also in accordance with the terms stated in the Notice of Bond Sale. No bids will be accepted after the time for receiving bids as detailed above.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF BOND SALE WITH RESPECT TO THE BONDS. THE DISTRICT WILL ENTER INTO UNDERTAKINGS FOR THE BONDS TO PROVIDE CERTAIN CONTINUING DISCLOSURE, AS REQUIRED BY THE RULE (SEE "DISCLOSURE UNDERTAKING,") HEREIN.

DATED: MAY 26, 2026

**TUPPER LAKE CENTRAL SCHOOL DISTRICT
FRANKLIN COUNTY, NEW YORK**

School District Officials

2025-26 BOARD OF EDUCATION

Jane Whitmore – President
Jason Rolley – Vice President

Mary Ellen Chamberlain
Sabrina Shipman
Josh Trembley

.....
Jaycee Welsh - Superintendent
Noelle Short – School Business Administrator
Shauni Kavanagh – District Clerk

.....
School District Attorney
Bond, Schoneck & King, PLLC

BOND COUNSEL

Timothy R. McGill, Esq.

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:

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OFFICIAL STATEMENT
TUPPER LAKE CENTRAL SCHOOL DISTRICT
FRANKLIN COUNTY, NEW YORK

Relating To
\$19,735,000
SCHOOL DISTRICT SERIAL BONDS, 2026
(the “Bonds”)

This Official Statement, which includes the cover page, has been prepared by the Tupper Lake Central School District, Franklin County, New York (the “District” or “School District”, “County” and “State,” respectively) in connection with the sale by the District of its \$19,735,000 School District Serial Bonds, 2026 (the “Bonds”).

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

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

DESCRIPTION OF THE BONDS

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

The Bonds will be dated June 18, 2026 and mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading “Optional Redemption” hereunder. The “Record Date” of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issues as registered bonds and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and Interest will be paid by the District to the Securities Depository, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds bear interest from June 18, 2026, with interest thereon payable on December 15, 2026, and semi-annually thereafter on June 15 and December 15.

Optional Redemption for the Bonds

The Bonds maturing on or before June 15, 2034 will not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2035 will be subject to redemption prior to maturity as a whole or in part (selected at random if less than

all of a maturity is to be redeemed) at the option of the District on June 15, 2034 or any date thereafter at par (100%), plus accrued interest to the date of redemption.

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

Purpose and Authorization for the Bonds

The Notes are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, the Local Finance Law, and pursuant to a Bond Resolution dated November 13, 2023 authorizing the issuance of up to \$20,465,000 in Bond Anticipation Notes or Bonds for the financing of certain capital improvements consisting of construction and reconstruction of school buildings and facilities.

A portion of the proceeds of the Bonds in the amount of \$12,670,000, along with \$390,000 available funds of the District, will be used to redeem and retire an outstanding bond anticipation note in the amount of \$13,060,000 of the District that was issued on June 26, 2026, and the remaining \$7,065,000 will provide new money.

Certificated Bonds

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

Nature of the Obligation

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

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

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

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of

various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law" or "Chapter 97"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

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

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

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

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

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

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

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

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements

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

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

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

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

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

Source: The Depository Trust Company

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

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

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

THE SCHOOL DISTRICT

General Information

The Tupper Lake Central School District, formed in 1936, is located in the Town of Tupper Lake in Franklin County and the Towns of Piercefield and Colton in St. Lawrence County. The School District covers approximately 280 square miles.

Tupper Lake is known as the crossroad of the Adirondack Mountains. The two major highways, Route 30 and Route 3, intersect in the Village of Tupper Lake. Air transportation is available at Lake Clear, Plattsburgh, Albany, Syracuse and Montreal for both domestic and international flights..

The School District is located in the high peaks area of the Adirondack Mountains. The primary source of employment is a State-operated facility for the developmentally disabled. Tourism in both Winter and Summer also provides employment, as do various logging companies in the area.

Water and sewer service are provided to a portion of the School District residents by the Village of Tupper Lake, while outlying areas use private wells and septic systems. Police protection is provided by the Village of Tupper Lake, supplemented by the County Sheriff's Departments and the New York State Police. Ambulance service and fire protection are provided by the Village and by various volunteer organizations. Electricity is provided by Village of Tupper Lake Telephone service is provided all major carriers as well as Spectrum for cable/internet. SLIC is a fiber optic internet provider.

The School District provides education for grades Pre-K-12. Opportunities for higher education include the State University of New York campuses at Potsdam and Plattsburgh, community colleges, St. Lawrence University and Clarkson University. School District residents find commercial and financial services in the Village of Tupper Lake and nearby Saranac Lake.

District Population

The 2024 population of the School District is estimated to be 5,375. (Source: 2024 U.S. Census Bureau estimate)

Economic Developments

The Department of Environmental Conservation and the Adirondack Park approved the creation of a multi-purpose recreational trail system. Construction of the multi-use recreational trail system on the abandoned railroad corridor connecting Tupper Lake, Saranac Lake and Lake Placid began in the Fall of 2022. The Rail Trail is now completed and is officially open, which connects Tupper Lake to Lake Placid with year-round recreational trails. The Wild Center is also going to expand its operations and have a world-renowned exhibit coming next year.

Additionally, the Oval Wood Dish Factory has been purchased by a developer that is moving forward with plans to renovate the closed factory into a combination of commercial and residential housing which is expected to increase the tax base and provide more employment opportunities. Approvals have been received, as well as partial funding. Construction is expected to start within the next year.

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>
Village Of:						
Tupper Lake	\$21,259	\$30,189	\$31,999	\$48,094	\$74,453	\$69,667
Towns Of:						
Tupper Lake	22,939	32,329	34,966	55,944	83,944	82,938
Piercefield	23,557	32,513	43,068	51,750	71,875	88,672
Colton	26,986	34,060	37,092	67,917	69,632	79,167
County Of:						
Franklin	19,807	26,886	32,684	50,816	65,693	77,938
St. Lawrence	20,143	26,676	33,177	50,384	66,843	80,443
State Of:						
New York	30,948	40,898	50,712	67,405	87,270	106,873

Note: 2021-2025 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 2020-2024 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>
L.P. Quinn Elementary	K-6	1971	650	2026
Middle/High School	7-12	1936	817	2026

Source: District Officials

District Employees

The School District employs 157 full-time employees and 8 part-time employees. The number of members, the collective bargaining units which represent them, and their current contract expiration dates are as follows:

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
Teachers' Association	91	6/30/2026
CSEA Support Staff	67	6/30/2027
Non-Bargaining Unit	7	N/A

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2021-22	759	2026-27	722
2022-23	763	2027-28	722
2023-24	760	2028-29	722
2024-25	760	2029-30	722
2025-26	722	2030-31	722

Source: District Officials

Employee Pension Benefits

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

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

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

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2025-26 fiscal years and the proposed budget of the 2026-27 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$ 274,323	\$ 579,469
2021-2022	283,759	613,943
2022-2023	200,663	611,128
2023-2024	255,518	626,107
2024-2025	307,389	609,260
2025-2026 (Budgeted)	513,285	736,886
2026-2027 (Proposed)	495,000	700,000

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 and the proposed budget of the District for the 2026-2027 fiscal year. This table is not audited.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2021-22 to 2026-27) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2021-2022	16.2%	9.8%
2022-2023	11.6	10.29
2023-2024	13.1	9.76
2024-2025	15.2	10.11
2025-2026	16.5	9.59
2026-2027	17.6	8.24*

*Estimated.

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

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

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

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

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

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

immediately preceding fiscal year. As of the date of this Continuing Disclosure Statement, the District has not established 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 - 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 \$81,288,417, the net change for the year was (\$900,133) resulting in a total OPEB liability of \$80,388,284 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>
Sunmount DDSO	Home for Developmentally Disabled	1,700
Tupper Lake Central School District	Education	165
Mercy Health Care Center	Home for Elderly	100
Village of Tupper Lake	Municipality	55
Adirondack ARC	Home for Developmentally Disabled	50

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 Franklin 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	Franklin County Unemployment Rate	St. Lawrence County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2021	4.8%	5.1%	7.1%	5.3%
2022	3.7%	4.1%	4.3%	3.6%
2023	3.8%	4.4%	4.2%	3.7%
2024	3.8%	4.6%	4.3%	4.0%
2025	4.2%	4.6%	4.3%	4.3%

2025 Monthly Figures

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Franklin	4.0%	3.2%	4.2%	4.1%	4.3%	3.9%	N/A	3.8%	4.1%	4.9%	5.3%	4.9%
St. Lawrence	3.9%	3.9%	3.3%	5.1%	5.3%	4.7%	N/A	4.2%	4.5%	5.5%	5.6%	5.0%
New York State	3.8%	3.8%	4.1%	4.8%	4.9%	4.7%	N/A	4.4%	4.3%	4.7%	5.2%	4.4%

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).
N/A: October figures are not available due to Government shutdown.

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.

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

Form of School Government

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

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

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

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

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 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024 by a vote of 622 to 506. 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 365 to 143. The School District's 2025-26 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2026-27 fiscal year was adopted by the qualified voters on May 19, 2026 by a vote of 484 to 290. The School District's 2026-27 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 48.45% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

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

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

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

Federal Aid Received by the State –

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

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

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

State Aid History

The State's 2020- 2021 Enacted Budget - Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020- 2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% of estimates or if actual disbursements

exceed 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

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

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

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

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

The State's 2025-26 Enacted Budget provides \$37.6 billion in State funding to school districts for the 2025-26 school year, the highest level of State aid ever. This represents an increase of \$1.7 billion or 4.9 percent compared to the 2024-25 school year and includes a \$1.4 billion or 5.6 percent Foundation Aid increase. The State's 2025-26 Enacted Budget

includes a 2% minimum increase in Foundation Aid to all school districts and makes a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth school districts.

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

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

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

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

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

The following table illustrates the percentage of total revenue of the District for each of the below fiscal years comprised of State aid and budgeted figures for 2025-26 and proposed budget for the 2026-27 fiscal years:

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2020-2021	\$ 19,222,653	\$ 8,486,737	44.15%
2021-2022	19,123,447	9,399,411	49.15
2022-2023	19,970,803	10,179,336	50.97
2023-2024	20,665,254	10,620,640	51.39
2024-2025	21,498,665	10,624,378	49.42
2025-2026 (Budgeted)	21,832,546	10,578,916	48.45
2026-2027 (Proposed)	22,227,449	10,309,319	46.38

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 and the proposed budget of the District for the 2026-2027 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>
2025	No Designation	3.3
2024	No Designation	20.0
2023	No Designation	10.0
2022	No Designation	0.0
2021	No Designation	16.7

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the Tupper Lake Central School District on August 1, 2025. The purpose of this audit was to determine whether (District) officials identify, report and implement needed remediation to reduce lead exposure in potable water outlets.

District officials did not properly identify, report or implement needed remediation to reduce lead exposure in all potable water outlets as required by NYS Public Health Law and Department of Health (DOH) regulations. Comptroller determined 156 of the 310 (50 percent) water outlets identified at select areas, that students, staff and the public may have access to and could consume water from, were not sampled or properly exempted by District officials for Cycle Two. This occurred because District officials did not have a sampling plan to identify all water outlets for sampling or exemption.

District officials also did not have a remedial action plan that detailed which water outlets they exempted from sampling, how they would be secured against use, and what remedial actions were planned or enacted. Because there is no information on the lead levels of the 156 water outlets not sampled for testing, we were unable to determine whether officials identified and remediated all water outlets that would have required it.

Of the 105 water outlets the District sampled for Cycle Two testing, 22 water outlets exceeded the lead action level. Comptroller determined that 14 of these 22 outlets (64 percent) with actionable lead levels were still in service without a test showing they were now below the lead action level or effective controls to prevent them from being used.

District officials did not ensure that the test results exceeding the lead action level were directly reported to the local health department within one business day. Instead, the District-contracted Jefferson-Lewis BOCES staff only reported these results through DOH's Health Electronic Response Data System (HERDS). Additionally, District officials did not notify staff, parents and/or guardians of the test results exceeding the lead action level in writing within 10 business days, as required. Finally, officials did not post the test results of all potable water outlet sampling and testing on the District's website.

This final report includes eight recommendations to that effect. District officials generally agreed with the findings.

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

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

Other Information

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

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

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

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

Financial Statements

The School District retains an independent Certified Public Accountant, whose most recent report covers the period ended June 30, 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:					
Tupper Lake	\$ 463,510,370	\$ 467,767,772	\$ 473,618,180	\$ 479,796,256	\$ 476,407,984
Piercefield	129,701,573	129,241,510	130,157,509	132,062,180	134,252,797
Colton	<u>26,236,039</u>	<u>25,709,026</u>	<u>21,276,451</u>	<u>24,911,137</u>	<u>24,405,659</u>
Total	<u>\$ 619,447,982</u>	<u>\$ 622,718,308</u>	<u>\$ 625,052,140</u>	<u>\$ 636,769,573</u>	<u>\$ 635,066,440</u>
Equalization Rates:					
Tupper Lake	95.00%	81.00%	70.00%	70.00%	60.00%
Piercefield	100.00%	91.00%	83.00%	81.00%	78.00%
Colton	100.00%	96.00%	90.00%	87.00%	79.00%
Full Valuations:					
Tupper Lake	\$ 487,905,653	\$ 577,491,077	\$ 676,597,400	\$ 685,423,223	\$ 794,013,307
Piercefield	129,701,573	142,023,637	156,816,276	163,039,728	172,118,971
Colton	<u>26,236,039</u>	<u>26,780,235</u>	<u>23,640,501</u>	<u>28,633,491</u>	<u>30,893,239</u>
Total	<u>\$ 643,843,265</u>	<u>\$ 746,294,949</u>	<u>\$ 857,054,177</u>	<u>\$ 877,096,442</u>	<u>\$ 997,025,516</u>

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

Tax Rate per \$1,000 Assessed Value

Fiscal Year Ending
June 30:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tupper Lake	\$ 18.94	\$ 16.50	\$ 14.51	\$ 16.91	\$ 17.89
Piercefield	71.25	67.11	62.62	14.62	13.76
Colton	352.26	355.91	415.36	13.61	13.59

Tax Collection Procedure

Taxes are payable until September 30 without penalty. Payments made from October 1 through October 31 carry a penalty of 2%. There is a 3% penalty if paid by November 5. Unpaid taxes are turned over to the County Treasurers on November 5. After November 30, unpaid taxes are added to the following year's town/county tax bills.

The Counties reimburse the School District for all unpaid taxes in April of the year following the year of levy, and the School District is thus assured of 100% of its annual levy.

Tax Collection Record

Fiscal Year Ended June 30:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>
Total Tax Levy	\$9,241,797	\$9,531,385	\$9,819,347	\$10,671,078	\$11,008,516
Less STAR Reimbursement	609,293	585,385	556,398	531,566	508,381
Adjustments			-3,056	-86,652	-2
Total Taxes to be Collected	8,632,504	8,946,000	9,259,893	10,052,860	10,500,132
Taxes Collected Prior to Return to County	7,751,444	7,961,581	7,426,869	8,022,786	8,384,287
Returned to County	\$881,060	\$984,419	\$1,833,024	\$2,030,074	\$2,115,845
% Collected Prior to Return	89.79%	89.00%	80.20%	79.81%	79.85%

Note: * Collection information is as of 11/7/2025.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2020-2021	\$ 19,222,653	\$ 9,687,799	50.40%
2021-2022	19,123,447	8,390,875	43.88
2022-2023	19,970,803	8,701,903	43.57
2023-2024	20,665,254	9,009,617	43.60
2024-2025	21,498,665	9,765,303	45.42
2025-2026 (Budgeted)	21,832,546	10,703,630	49.03
2026-2027 (Proposed)	22,227,449	11,228,630	50.52

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 and the proposed budget of the District for the 2026-2027 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>
Niagara Mohawk Power Corp.	Utility	\$19,477,123
Litchfield Park Corp	Private Camp	11,105,666
Village of Tupper Lake	Utility	8,530,728
Somerset Investment	Forest Land	7,842,766
Preserve Investment	Reforestation	6,975,667
Lyme Adirondack Timberlands	Logging	6,453,788
Skaneandowa Lodge, LLC	Private	5,833,333
MWF Adirondacks, LLC	Forest Land	4,478,909
Grindstone Bay Camp, LLC	Residential	4,373,462
S Timber, LLC	Private Wild and Forest	3,723,008
Total		<hr/> \$78,794,450

1. The above taxpayers represent 7.9% of the School District's 2025-26 Full value of \$997,025,516

As of the date of this Continuing Disclosure 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 \$93,200 or less in 2023 and \$98,700 or less in 2024, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first \$81,400 for the 2023-24 school year and the first \$84,000 for the 2024-25 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross Income not in excess of \$250,000 (\$500,000 in the case of a STAR Credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

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

REAL PROPERTY TAX REBATE

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

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

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

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

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

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Serial Bonds	\$10,168,880	\$9,350,355	\$8,440,802	\$7,740,146	\$6,555,514
Bond Anticipation Notes	0	0	0	6,200,000	13,060,000
Revenue Anticipation Notes	995,000	995,000	2,806,328	0	0
Total Debt Outstanding	\$11,163,880	\$10,345,355	\$11,247,130	\$13,940,146	\$19,615,514

Status of Outstanding Bond Issues

Year of Issue:	2018	2021
Amount Issued:	\$8,188,780	\$1,495,000
Final Maturity:	6/15/2033	6/15/2033
Interest Rate/ Instrument:	2.8387% - SB	1.4933% - SB
Purpose/Instrument:	Reconstruction	BOCES Project

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 540,000	\$ 144,300	\$ 120,000	\$ 20,700
2027	560,000	128,100	125,000	18,300
2028	575,000	111,300	125,000	15,800
2029	595,000	94,050	125,000	13,300
2030	615,000	76,200	130,000	10,800
2031	635,000	57,750	135,000	8,200
2032	635,000	38,700	135,000	5,500
2033	<u>655,000</u>	<u>19,650</u>	<u>140,000</u>	<u>2,800</u>
Totals:	\$ 4,810,000	\$ 670,050	\$ 1,035,000	\$ 95,400

Year of Issue:	2021	2023		
Amount Issued:	\$313,000	\$275,000		
Final Maturity:	6/15/2026	6/15/2027		
Interest Rate/ Instrument:	1.1081% - SB	4.4074% - SB		
Purpose/Instrument:	Bus Acquisition	Bus Acquisition		
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	<u>\$ 80,000</u>	<u>\$ 900</u>	\$ 70,000	\$ 6,750
2027			<u>80,000</u>	<u>3,600</u>
Totals:	\$ 80,000	\$ 900	\$ 150,000	\$ 10,350

Year of Issue:	2024		2024	
Amount Issued:	\$334,889		\$75,000	
Final Maturity:	6/15/2028		6/15/2029	
Interest Rate/ Instrument:	3.8473% - SB		4.9046% - SB	
Purpose:	Bus Acquisition		Bus Acquisition	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 70,000	\$ 8,415	\$ 15,000	\$ 3,610
2027	70,000	6,175	20,000	2,950
2028	<u>75,000</u>	<u>3,375</u>	20,000	2,020
2029			<u>20,000</u>	<u>1,050</u>
Totals:	\$ 215,000	\$ 17,965	\$ 75,000	\$ 9,630

Year of Issue:	2025	
Amount Issued:	\$92,723	
Final Maturity:	6/15/2030	
Interest Rate/ Instrument:	3.6526% - SB	
Purpose/Instrument	Bus Acquisition	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>
2026	\$ -	\$ 2,044
2027	22,723	3,270
2028	25,000	2,588
2029	25,000	1,716
2030	<u>20,000</u>	<u>818</u>
Totals:	\$ 92,723	\$ 10,435

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	\$ 895,000	\$ 186,719	\$ 1,081,719	14.87%
2027	877,723	162,395	1,040,118	29.18%
2028	820,000	135,083	955,083	42.31%
2029	765,000	110,116	875,116	54.34%
2030	765,000	87,818	852,818	66.07%
2031	770,000	65,950	835,950	77.56%
2032	770,000	44,200	814,200	88.76%
2033	<u>795,000</u>	<u>22,450</u>	<u>817,450</u>	100.00%
Totals:	\$ 6,457,723	\$ 814,730	\$ 7,272,453	

Schedule of Principal Payments-Outstanding and Proposed Bonds

Fiscal Year Ending June 30:	<u>Prior Issues</u>	<u>This issue</u>	<u>Total Maturing Principal</u>	<u>Year-End Outstanding Principal</u>
2026	\$895,000	\$ -	\$895,000	\$25,297,723
2027	877,723	785,000	1,662,723	23,635,000
2028	820,000	940,000	1,760,000	21,875,000
2029	765,000	980,000	1,745,000	20,130,000
2030	765,000	1,050,000	1,815,000	18,315,000
2031	770,000	1,085,000	1,855,000	16,460,000
2032	770,000	1,140,000	1,910,000	14,550,000
2033	795,000	1,195,000	1,990,000	12,560,000
2034	-	1,325,000	1,325,000	11,235,000
2035	-	1,385,000	1,385,000	9,850,000
2036	-	1,455,000	1,455,000	8,395,000
2037	-	1,530,000	1,530,000	6,865,000
2038	-	1,605,000	1,605,000	5,260,000
2039	-	1,685,000	1,685,000	3,575,000
2040	-	1,755,000	1,755,000	1,820,000
2041	-	1,820,000	1,820,000	-
Totals:	\$ 6,457,723	\$ 19,735,000	\$ 26,192,723	

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	4.00%	\$13,060,000*

*To be paid with the proceeds of this issue together with \$390,000 of available funds.

Cash Flow Borrowings

<u>Revenue Anticipation Notes</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2020-2021 State Aid	6/14/2021	10/29/2021	2.00%	\$995,000
2021-2022 State Aid	6/14/2022	10/28/2022	2.50%	\$995,000
2022-2023 State Aid	3/28/2023	7/28/2023	4.50%	\$2,800,000

Source: School District Note Records.

Capital Project Plans

On October 17, 2023, the District residents approved a \$20,465,000 capital project. The project consists of construction and reconstruction of existing school buildings and facilities within the District. Construction is estimated to start in November 2024 and last approximately 24 months. On March 14, 2024, the District issued \$2,000,000 Bond Anticipation Note. On June 27, 2024, the District issued a \$6,200,000 Bond Anticipation Note which paid off the \$2,000,000 Bond Anticipation Note and provided an additional \$4,200,000 of new money for said Project. On June 25, 2025 the District issued a \$13,060,000 Bond Anticipation Note which along with \$340,000 available funds of the District, redeemed and renewed, in part, the \$6,200,000 Bond Anticipation Note maturing on June 27, 2025 and provide \$7,200,000 of new money.

Proceeds of the Bonds in the amount of \$19,735,000, along with \$390,000 available funds of the District will be used to redeem and retire an outstanding bond anticipation note in the amount of \$13,060,000 of the District that was issued on June 26, 2025, and provide \$7,065,000 of new money.

On May 19, 2026, the District residents approved the purchase of one gasoline powered school bus at an amount not to exceed \$176,186.

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 78.4%.

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

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

Debt Statement Summary

As of May 26, 2026

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization</u> <u>Rate</u>	<u>Taxable Full Valuation</u>
Tupper Lake	\$ 476,407,984	60.00%	\$ 794,013,307
Piercefield	134,252,797	78.00%	172,118,971
Colton	24,405,659	79.00%	30,893,239
Total			<u>\$ 997,025,516</u>
Debt Limit: 10% of Full Valuation			\$ 99,702,552
Inclusions:			
Serial Bonds			\$ 6,457,723
Bond Anticipation Notes			13,060,000
Total Inclusions:			<u>\$ 19,517,723</u>
Exclusions:			
Building Aid Estimate ¹			\$0
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$19,517,723
New Monies This Issue:			<u>7,065,000</u>
Total Net Indebtedness After Giving Effect to This Issue:			<u>\$ 26,582,723</u>
Net Debt Contracting Margin			\$ 73,119,829
Percentage of Debt-Contracting Power Exhausted			26.66%

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>
Franklin County	\$ 794,013,307					
	\$ 5,226,251,245	15.19%	\$ 219,269	N/A	\$ 219,269	\$ 33,313
St. Lawrence County	\$ 203,012,210					
	\$ 7,557,767,463	2.69%	\$ 21,295,000	N/A	\$ 21,295,000	\$ 572,013
Town of Tupper Lake	\$ 794,013,307					
	\$ 794,013,307	100.00%	\$ 1,734,031	N/A	\$ 1,734,031	\$ 1,734,031
Town of Piercefield	\$ 172,118,971					
	\$ 172,118,971	100.00%	\$ 345,352	N/A	\$ 345,352	\$ 345,352
Town of Colton	\$ 30,893,239					
	\$ 430,719,840	7.17%	\$ 227,778	N/A	\$ 227,778	\$ 16,337
Village of Tupper Lake	\$ 204,942,481					
	\$ 204,942,481	100.00%	\$ 21,457,841	N/A	\$ 21,457,841	\$ 21,457,841
Total						<u>\$ 24,158,888</u>

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2024 and 2025.

Notes: Bonds and Bond Anticipation notes as of 2024 and 2025 fiscal years. Not adjusted to include subsequent bond and note sales.

N/A Information not available from source document.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 26, 2026:

	Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness	\$ 26,582,723	\$ 4,945.62	2.666%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 50,741,611	\$ 9,440.30	5.089%

(a) The District's estimated population is 5,375. (Source: 2024 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2025-26 is \$977,025,516.

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

General Municipal Law Contract Creditors' Provision. Each Bond when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of 37 the School District to enforces payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgement or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgement, although judicial mandates have been issued to officials to appropriate and pay judgements our 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 a as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization or any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While

this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

Cyber Security

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

The District was the victim of two spear phishing attacks related to their Capital Improvement Project. In both cases the District received invoices that appeared to be from legitimate capital project vendors. Such invoices were paid prior to the District learning they were fraudulent. In the first instance, the total loss after insurance was \$230,082.05. The amount recouped from insurance was \$125,000. In the second instance, the District was able to stop payment and no funds were lost. Going forward the District has taken the following steps to reduce the possibility of another attack: The Capital Improvement Project payments are all paid by check and ACH payments are no longer authorized. For all future ACH payments requested by vendors, including current and past employees, there are multiple points of authentication, which includes the Account Clerks, Business Manager, and Data Coordinator. This multi-point authorization allows the District to review the request from various perspectives and credentials. The District will only initiate ACH payments after we have authenticated and verified the request through reliable and trusted sources, including in-person submissions and verified phone numbers. Additionally, after the incident the Business Department completed a full training on spear phishing and data breaches, and this training will continue annually so that all members of the team are up to date on areas of concern, practices, protocols, and duties. The District will continue to work with its insurance company, auditor, and professional network to ensure their practices are steadfast and consistent.

TAX EXEMPTION

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

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

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

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

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

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

LEGAL MATTERS

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

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

LITIGATION

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

RATINGS

The School District has applied to S&P for a rating.

The most recent underlying rating assigned to the School District by S&P Global Ratings, a division of McGraw-Hill Companies, Inc., is an A+ rating which was assigned in connection with the issuance by the School District of \$1,495,000 School District (Serial) Bonds dated June 23, 2021.

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

CONTINUING DISCLOSURE COMPLIANCE

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

The following Material Event Notices have been filed within the last five years:

"The interest payment in the total of \$100,337.50 due on Monday, December 16, 2024 for the following issues were made late:

- \$2,085,034 Serial Bond, 2010 -Interest due \$3,000.00
- \$8,188,780 Serial Bond, 2018-Interest due \$80,025.00
- \$1,495,000 Serial Bond, 2021-Interest due 11,550.00
- \$313,000 Serial Bond, 2021-Interest due \$900.00
- \$275,000 Serial Bond, 2023-Interest due \$4,862.50

Payment wasn't received by DTCC until Friday, January 3, 2025 due to a processing error. There were no financial factors that contributed to the late payment."

MUNICIPAL ADVISOR

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

Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The School District's contact information is as follows: Noelle Short, School Business Administrator, phone: (518) 359-3371 x1007; email: noelles@tupperlakecsd.net

Additional copies of the Notice of Sale and the Official Statement may be obtained from the offices of R.G. Timbs, Inc., telephone number (585) 747-8111 or at www.RGTimbsInc.net.

Tupper Lake Central School District

Dated: May 26, 2026
Tupper Lake, New York

Jane Whitmore
President of the Board of Education
and Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	Budget <u>2026</u>
Beginning Fund Balance - July 1	\$1,768,264	\$2,512,421	\$2,437,709	\$2,603,955	\$2,828,464	\$3,290,545 ^E
<u>Revenues:</u>						
Real Property Taxes	\$9,687,799	\$8,390,875	\$8,701,903	\$9,009,617	\$9,765,303	\$10,703,630
Other Tax Items	702,516	658,259	621,060	587,030	607,180	0
Charges for Services	5,629	2,306	15,178	6,006	80,362	0
Use of Money & Property	5,655	840	2,302	11,205	200,984	103,000
Miscellaneous	149,814	652,793	450,090	430,756	220,458	447,000
State Aid	8,486,737	9,399,411	10,179,336	10,620,640	10,624,378	10,578,916
Federal Aid	<u>184,503</u>	<u>18,963</u>	<u>934</u>	0	0	0
Total Revenues	\$19,222,653	\$19,123,447	\$19,970,803	\$20,665,254	\$21,498,665	\$21,832,546
<u>Expenditures:</u>						
General Support	\$2,576,995	\$2,646,394	\$2,703,360	\$3,188,353	\$3,016,780	\$3,515,976
Instruction	8,544,936	8,850,678	9,418,168	9,456,648	8,865,278	8,302,124
Transportation	578,231	652,378	625,136	640,749	635,573	832,923
Employee Benefits	5,576,016	5,566,873	6,162,642	5,666,057	6,342,070	7,180,477
Debt Service	1,162,318	1,410,111	1,421,089	1,409,855	1,683,230	2,031,046
Interfund Transfer	<u>40,000</u>	<u>100,000</u>	<u>56,349</u>	<u>71,841</u>	<u>493,653</u>	<u>120,000</u>
Total Expenditures	\$18,478,496	\$19,226,434	\$20,386,744	\$20,433,503	\$21,036,584	\$21,982,546
Adjustments		28,275	582,187	7,242		
Year End Fund Balance	\$2,512,421	\$2,437,709	\$2,603,955	\$2,828,464	\$3,290,545	\$3,140,545 ^E
Excess (Deficit) Revenues Over Expenditures	\$744,157	(\$102,987)	(\$415,941)	\$231,751	\$462,081	(\$150,000) ¹

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

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

General Fund – 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	\$1,783,930	\$2,912,257	\$3,736,407	\$544,503	\$1,378,784
Restricted Cash	1,147,120	473,682	765,829	1,109,944	1,541,609
Accounts Receivable	0	0	0	15398	623
Due from Other Funds	3,498,445	1,162,291	1,210,418	1,741,607	385,214
Due from State & Federal	1,311,858	776,127	894,979	1,699,473	1,424,311
Total Assets	\$7,741,353	\$5,324,357	\$6,607,633	\$5,110,925	\$4,730,541
Liabilities:					
Accounts Payable	\$227,478	\$436,187	\$65,120	\$1,440,038	\$88,232
Accrued Liabilities	373,602	166,113	45,201	33,587	33,154
Notes Payable:					
Bond Anticipation Notes	0	0	0	0	0
Revenue Anticipation Notes	995,000	995,000	2,806,328	0	0
Due to Other Funds	2,887,160	507,809	324,966	0	513,168
Due to Other Governments	0	0	0	0	0
Due Retirement System	745,692	781,539	760,431	798,960	788,278
Unearned Revenues	0	0	1,632	9,876	17,164
Total Liabilities:	\$5,228,932	\$2,886,648	\$4,003,678	\$2,282,461	\$1,439,996
Fund Balances:					
Restricted	\$470,568	\$473,682	765,829	1,109,943	1,541,609
Assigned	350,000	526,329	763,963	262,186	165,446
Unassigned	1,691,853	1,437,698	1,074,163	1,456,335	1,583,490
Total Fund Balance	\$2,512,421	\$2,437,709	\$2,603,955	\$2,828,464	\$3,290,545
Total Liabilities and Fund Balance	\$7,741,353	\$5,324,357	\$6,607,633	\$5,110,925	\$4,730,541

Source: Audited Financial Reports. This table is 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.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Financial Statements
Year Ended June 30, 2025

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Independent Auditor's Report

To the Board of Education
Tupper Lake Central School District
Tupper Lake, New York

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 Tupper Lake Central School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Tupper Lake 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 Tupper Lake 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 Tupper Lake 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.

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 Tupper Lake 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 Tupper Lake 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 Tupper Lake 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, budgetary comparison information, schedule of progress for the retiree health plan, schedule of proportionate share of net pension asset/liability, and schedule of contributions on pages 4-9 and 47-50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tupper Lake Central School District's basic financial statements. The accompanying schedule of change from original budget to revised budget, section 1318 real property tax law calculation, and net investment in capital assets are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of change from original budget to revised budget, section 1318 real property tax law calculation, and net investment in capital assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025 on our consideration of Tupper Lake 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 Tupper Lake 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 Tupper Lake Central School District's internal control over financial reporting and compliance.

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License # 092.0131564
Middlebury, Vermont
October 30, 2025

**TUPPER LAKE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2025**

As management of Tupper Lake Central School District, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. Other forward-looking indicators will also assist the reader to assess the overall financial health of the District.

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

The government-wide financial statements consist of the following activities:

- Governmental activities – Most of the District's basic services are reported here, including general support, instruction, and pupil transportation. Real property taxes and state and federal grants finance most of these activities.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Change in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains four governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Special Aid Fund, Capital Projects Fund, and School Food Service fund, all of which are considered major funds.

The General Fund is the only fund which the District legally adopts a budget. The Schedule of Revenues and Expenditures – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the District. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary Funds use the accrual basis of accounting and are reported using the economic resources measurement focus.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide explanations of the accounting principles followed and include tables with more detailed analyses of accounts requiring further clarification. The notes to the financial statements can be found immediately following the basic financial statements.

Required supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. The supplementary information can be found immediately after the notes to the financial statements.

Supplementary information

Supplementary information includes schedules that are not a required part of the basic financial statements but are presented for purposes of additional analysis. The supplementary information is presented following the required supplementary information.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$81,414,933 (i.e., net position), a change of \$(4,829,215) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total revenue of \$23,573,724 a change of \$199,179 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental activities reported total expenses of \$28,402,939, a change of \$(1,504,383) in comparison to the prior year.

- As of the close of the current fiscal year, governmental funds reported a combined ending fund balance of \$851,907, a change of \$(1,716,969) in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total revenue of \$23,473,155, a change of \$134,074 in comparison to the prior year.
- As of the close of the current fiscal year, the governmental funds reported total expenses of \$25,290,693, a change of \$1,175,169 in comparison to the prior year.
- As of the close of the current fiscal year, unassigned fund balance for the General Fund was \$1,583,490, a change of \$127,155 in comparison to the prior year.
- As of the close of the current fiscal year, the District reported total outstanding long-term indebtedness of \$6,555,514, a change of \$(1,184,632) in comparison to the prior year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	<u>Net Position</u>		
	June 30, 2025	June 30, 2024	Percentage Change
Assets			
Current assets	\$ 16,523,437	\$ 11,499,528	43.7%
Noncurrent assets	5,961,452	4,701,079	26.8
Total assets	<u>22,484,889</u>	<u>16,200,607</u>	<u>38.8</u>
Deferred outflows of resources	<u>12,443,092</u>	<u>17,017,023</u>	<u>-26.9</u>
Total assets and deferred outflows of resources	<u>\$ 34,927,981</u>	<u>\$ 33,217,630</u>	<u>5.1%</u>
Liabilities			
Other liabilities	\$ 15,546,454	\$ 8,876,801	75.1%
Long-term debt outstanding	88,733,845	90,947,138	-2.4
Total liabilities	<u>104,280,299</u>	<u>99,823,939</u>	<u>4.5</u>
Deferred inflows of resources	<u>12,062,615</u>	<u>9,979,409</u>	<u>20.9</u>
Net position			
Net investment in capital assets	(561,493)	(1,884,067)	-70.2
Restricted	1,541,609	1,109,943	38.9
Unrestricted	<u>(82,395,049)</u>	<u>(75,811,594)</u>	<u>8.7</u>
Total net position	<u>(81,414,933)</u>	<u>(76,585,718)</u>	<u>6.3</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 34,927,981</u>	<u>\$ 33,217,630</u>	<u>5.1%</u>

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. At the close of the most recent fiscal year, total net position was \$(81,414,933), a change of \$(4,829,215) from the prior year.

\$(561,493), reflects our investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$1,541,609, represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position in the amount of \$(82,395,049) is a deficit, primarily resulting from the District’s unfunded net pension liability and Other Post-Employment Benefit (OPEB) liability.

Change in Net Position

	June 30, 2025	June 30, 2024	Percentage Change
Revenues			
Program Revenues			
Charges for services	\$ 108,370	\$ 33,363	224.8%
Operating grants	1,586,238	2,622,109	-39.5
General revenues			
Property taxes and tax items	10,372,483	9,596,647	8.1
State sources	10,624,378	10,620,640	0.0
Use of money and property	426,659	11,322	3668.4
Premium on obligation	100,569	35,464	183.6
Miscellaneous	355,027	455,000	-22.0
Total revenues	<u>23,573,724</u>	<u>23,374,545</u>	<u>0.9</u>
Expenses			
General support	3,274,484	3,399,853	-3.7
Instruction	11,977,050	13,102,753	-8.6
Pupil transportation	1,034,461	891,513	16.0
Employee benefits	10,999,147	11,434,479	-3.8
Interest expenses	498,598	299,310	66.6
School lunch program	619,199	779,424	-20.6
Total expenses	<u>28,402,939</u>	<u>29,907,322</u>	<u>-5.0</u>
Change in net position	(4,829,215)	(6,532,787)	-26.1
Net position – beginning of year	<u>(76,585,718)</u>	<u>(70,052,931)</u>	<u>9.3</u>
Net position – end of year	<u>\$ (81,414,933)</u>	<u>\$ (76,585,718)</u>	<u>6.3%</u>

Governmental activities

The District's total revenues for the 2025 fiscal year were \$23,573,724 versus expenses of \$28,402,939. For the year, the District's net position decreased by \$4,829,215 to bring the total net position of the primary government to \$(81,414,933). The drivers of revenues for the year were state sources, property taxes, and operating grants. State sources comprised 45% of total revenues while property taxes and tax items were 44% of total revenue. Revenues were up from the prior year by \$199,179.

For expenses, general support, instruction, and employee benefits made up a majority of the costs of the governmental activities. Total expenses for general support were \$3,274,484 which consisted primarily of finance, central services, and special items. Instruction total expenses for the year were \$11,977,050. Costs associated with instruction included \$3,913,971 of teaching – regular school and \$2,796,380 of programs for handicapped children.

Governmental funds

General Fund – the General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance was \$1,583,490 and the total fund equity was \$3,290,545. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For the current year, unassigned fund balance represents 8% of total expenditures (including transfers out), while total fund balance was 16% of the same amount. The total fund balance of the District's General Fund increased by \$462,081 during the current fiscal year.

Special Aid Fund – the Special Aid Fund is used to account for operating projects or programs supported in whole, or in part, with federal funds or state or local grants. The fund balance at the end of the year was \$0. The fund balance of the District's Special Aid Fund did not change during the current fiscal year.

Capital Projects Fund – the Capital Projects Fund is used to account for the financial resources used for the acquisition, construction, or major repair of capital facilities. The fund balance at the end of the year was \$(2,444,978). The fund balance of the District's Capital Projects fund decreased by \$2,163,261 during the current fiscal year.

School Food Service Fund – the School Food Service Fund is used to account for transactions of the lunch and breakfast programs. The fund balance at the end of the year was \$6,340. The fund balance of the School Food Service Fund decreased by \$15,789 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the District reallocates funds within the General Fund budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the District's original and final general fund budget amounts compared with actual results is shown on the Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund.

The original budget for the General Fund was \$21,918,837. The original budget included using \$250,000 of prior year fund equity to offset current year budgeted expenditures. The total budget was revised during year to \$21,928,425. The difference arises from the prior year encumbrances.

The fiscal year 2025 actual revenues were \$21,498,665, which was \$170,172 under budget amounts. The fiscal year 2025 actual expenditures were \$21,036,584, which was \$876,395 under budget amounts. This was primarily due to actual central service expenditures and instruction expenditures being under budget by \$471,193 and \$591,292, respectively.

The combined effect was that the District's [General Fund] fund balance increased by \$462,081.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

Total investment in capital assets for governmental activities at year end amounted to \$4,959,021 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

Capital Asset Additions	
Construction in Progress	\$ 2,389,145
Tuba	6,928
Basketball Scoreboard	6,930
2 International Buses	334,356
Chevy Dump Truck	73,726
LPQ Floors	100,000

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term debt

At June 30, 2025, the District's long-term debt balance consisted of bonds and notes payable totaling \$6,555,514, a decrease of \$1,184,632 from June 30, 2024.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could affect its future financial health.

The District relies heavily on school taxes to support the budget. In 2011, New York State established the property tax cap law limiting school districts ability to raise taxes by 2% or the rate of inflation, whichever is less. This makes it difficult for districts trying to increase school taxes to supplement any state aid reduction. With revenue sources limited, primarily to state aid and property taxes, it is difficult to keep up with rising costs to provide a quality education to our students.

The uncertainty of the state's financial position, as it relates to its funding of education, and ongoing litigation challenging the formulas used by New York State to distribute aid, make it difficult to project revenues as a part of the District's long-term planning.

REQUESTS FOR INFORMATION

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

Tupper Lake Central School District Offices
Attn: School Business Executives
294 Hosley Road
Tupper Lake, NY 12986

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Statement of Net Position
Year Ended June 30, 2025

Assets

Cash - unrestricted	\$ 4,134,982
Cash - restricted	10,559,190
Accounts receivable	10,843
State and federal aid receivable	1,812,082
Inventories	6,340
Capital assets, net of accumulated depreciation	4,959,021
Net pension assets - proportionate share	1,002,431
Total assets	<u>22,484,889</u>

Deferred outflows of resources

OPEB	9,330,963
Pension	3,112,129
Total deferred outflows of resources	<u>12,443,092</u>

Total assets and deferred outflows of resources **\$ 34,927,981**

Liabilities

Payables:	
Accounts payable	\$ 1,659,446
Accrued expenses	38,030
Due to other funds	700
Bond anticipation note	13,060,000
Long-term liabilities:	
Due and payable within one year:	
Bonds payable	901,603
Notes payable	35,055
Due to Teachers' Retirement System	706,475
Due to Employees' Retirement System	81,803
Due and payable after one year:	
Bonds payable	5,503,023
Notes payable	115,833
Compensated absences payable	478,573
Net pension liabilities - proportionate share	1,311,474
Other postemployment benefits payable	80,388,284
Total liabilities	<u>104,280,299</u>

Deferred inflows of resources

Unearned revenue	17,164
Unearned revenue - federal aid	103,891
Unearned revenue - prepaid meals	4,021
OPEB	10,556,229
Pension	1,381,310
Total deferred inflows of resources	<u>12,062,615</u>

Net position

Net investment in capital assets	(561,493)
Restricted:	
Unemployment insurance	212,522
Employee benefits	493,240
Retirement contributions	535,472
Capital	300,375
Unrestricted	(82,395,049)
Total net position	<u>(81,414,933)</u>

Total liabilities, deferred inflows of resources, and net position **\$ 34,927,981**

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2025

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Functions/Programs				
General support	\$ 3,274,484	\$ 80,362	\$ -	\$ (3,194,122)
Instruction	11,977,050	-	962,714	(11,014,336)
Pupil transportation	1,034,461	-	-	(1,034,461)
Employee benefits	10,999,147	-	-	(10,999,147)
Interest expense	498,598	-	-	(498,598)
Cost of sales - school lunch	619,199	28,008	623,524	32,333
 Total functions/programs	 \$ 28,402,939	 \$ 108,370	 \$ 1,586,238	 (26,708,331)
 General revenues				
Real property taxes				9,765,303
Other tax items				607,180
Use of money and property				426,659
Miscellaneous				355,027
State sources not restricted to specific programs				10,624,378
Premium on obligations				100,569
 Total general revenues				 21,879,116
 Change in net position				 (4,829,215)
 Net position - beginning of year, as previously stated				 (77,179,861)
 Prior period adjustment				 594,143
 Net position - beginning of year, restated				 (76,585,718)
 Net position - end of year				 \$ (81,414,933)

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
Year Ended June 30, 2025

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>School Food Service</u>	<u>Total Governmental Funds</u>
Assets					
Cash - unrestricted	\$ 1,378,784	\$ -	\$ 2,756,198	\$ -	\$ 4,134,982
Cash - restricted	1,541,609	-	9,017,581	-	10,559,190
Accounts receivable	623	10,000	-	220	10,843
Due from other funds	385,214	-	398,583	113,885	897,682
State and federal aid receivable	1,424,311	350,914	-	36,857	1,812,082
Inventories	-	-	-	6,340	6,340
Total assets	<u>\$ 4,730,541</u>	<u>\$ 360,914</u>	<u>\$ 12,172,362</u>	<u>\$ 157,302</u>	<u>\$ 17,421,119</u>
Liabilities					
Payables:					
Accounts payable	\$ 88,232	\$ -	\$ 1,557,340	\$ 13,874	\$ 1,659,446
Accrued expenses	33,154	4,876	-	-	38,030
Due to other funds	513,168	252,147	-	133,067	898,382
Due to Teachers' Retirement	706,475	-	-	-	706,475
Due to Employees' Retirement	81,803	-	-	-	81,803
Bond anticipation note	-	-	13,060,000	-	13,060,000
Total liabilities	<u>1,422,832</u>	<u>257,023</u>	<u>14,617,340</u>	<u>146,941</u>	<u>16,444,136</u>
Deferred inflows of resources					
Unearned revenue	17,164	-	-	-	17,164
Unearned revenue - federal aid	-	103,891	-	-	103,891
Unearned revenue - prepaid meals	-	-	-	4,021	4,021
Total deferred inflow of resources	<u>17,164</u>	<u>103,891</u>	<u>-</u>	<u>4,021</u>	<u>125,076</u>
Fund balance					
Nonspendable	-	-	-	6,340	6,340
Restricted:					
Unemployment Insurance	212,522	-	-	-	212,522
Employee benefits	493,240	-	-	-	493,240
Retirement contributions	535,472	-	-	-	535,472
Capital reserve	300,375	-	-	-	300,375
Assigned:					
Appropriated fund balance	150,000	-	-	-	150,000
Unappropriated fund balance	15,446	-	-	-	15,446
Unassigned	<u>1,583,490</u>	<u>-</u>	<u>(2,444,978)</u>	<u>-</u>	<u>(861,488)</u>
Total fund balance	<u>3,290,545</u>	<u>-</u>	<u>(2,444,978)</u>	<u>6,340</u>	<u>851,907</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,730,541</u>	<u>\$ 360,914</u>	<u>\$ 12,172,362</u>	<u>\$ 157,302</u>	<u>\$ 17,421,119</u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
Year Ended June 30, 2025

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position
Assets				
Cash - unrestricted	\$ 4,134,982	\$ -	\$ -	\$ 4,134,982
Cash - restricted	10,559,190	-	-	10,559,190
Accounts receivable	10,843	-	-	10,843
Due from other funds	897,682	-	(897,682)	-
State and federal aid receivable	1,812,082	-	-	1,812,082
Inventories	6,340	-	-	6,340
Capital assets, net of accumulated depreciation	-	4,959,021	-	4,959,021
Net pension assets - proportionate share	-	1,002,431	-	1,002,431
Total assets	<u>17,421,119</u>	<u>5,961,452</u>	<u>(897,682)</u>	<u>22,484,889</u>
Deferred outflows of resources				
OPEB	-	9,330,963	-	9,330,963
Pension	-	3,112,129	-	3,112,129
Total deferred outflows of resources	<u>-</u>	<u>12,443,092</u>	<u>-</u>	<u>12,443,092</u>
Total assets and deferred outflows of resources	<u>\$ 17,421,119</u>	<u>\$ 18,404,544</u>	<u>\$ (897,682)</u>	<u>\$ 34,927,981</u>
Liabilities				
Payables:				
Accounts payable	\$ 1,659,446	\$ -	\$ -	\$ 1,659,446
Accrued expenses	38,030	-	-	38,030
Due to other funds	898,382	-	(897,682)	700
Due to Teachers' Retirement System	706,475	-	-	706,475
Due to Employees' Retirement System	81,803	-	-	81,803
Bond anticipation note	13,060,000	-	-	13,060,000
Bonds payable	-	6,404,626	-	6,404,626
Notes payable	-	150,888	-	150,888
Compensated absences	-	478,573	-	478,573
Net pension liability - proportionate share	-	1,311,474	-	1,311,474
Postemployment benefits	-	80,388,284	-	80,388,284
Total liabilities	<u>16,444,136</u>	<u>88,733,845</u>	<u>(897,682)</u>	<u>104,280,299</u>
Deferred inflows of resources				
Unearned revenue	17,164	-	-	17,164
Unearned revenue - federal aid	103,891	-	-	103,891
Unearned revenue - prepaid meals	4,021	-	-	4,021
OPEB	-	10,556,229	-	10,556,229
Pension	-	1,381,310	-	1,381,310
Total deferred inflows of resources	<u>125,076</u>	<u>11,937,539</u>	<u>-</u>	<u>12,062,615</u>
Fund balance/net position				
Total fund balance/net position	<u>851,907</u>	<u>(82,266,840)</u>	<u>-</u>	<u>(81,414,933)</u>
Total liabilities, deferred inflows of resources, and fund balance/net position	<u>\$ 17,421,119</u>	<u>\$ 18,404,544</u>	<u>\$ (897,682)</u>	<u>\$ 34,927,981</u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2025

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>School Food Service</u>	<u>Total Governmental Funds</u>
Revenues					
Real property taxes	\$ 9,765,303	\$ -	\$ -	\$ -	\$ 9,765,303
Other tax items	607,180	-	-	-	607,180
Charges for services	80,362	-	-	-	80,362
Use of money and property	200,984	-	225,675	-	426,659
State sources	10,624,378	304,563	-	249,229	11,178,170
Federal sources	-	658,151	-	374,295	1,032,446
Sales	-	-	-	28,008	28,008
Miscellaneous	220,458	134,087	-	482	355,027
Total revenues	<u>21,498,665</u>	<u>1,096,801</u>	<u>225,675</u>	<u>652,014</u>	<u>23,473,155</u>
Expenditures					
General support	3,016,780	-	2,595,149	-	5,611,929
Instruction	8,865,278	1,096,801	-	-	9,962,079
Pupil transportation	635,573	-	334,356	-	969,929
Employee benefits	6,342,070	-	-	102,257	6,444,327
Debt service:					
Principal	1,178,029	-	-	-	1,178,029
Interest	505,201	-	-	-	505,201
Cost of sales	-	-	-	619,199	619,199
Total expenditures	<u>20,542,931</u>	<u>1,096,801</u>	<u>2,929,505</u>	<u>721,456</u>	<u>25,290,693</u>
Excess (deficiency) of revenues over expenditures	<u>955,734</u>	<u>-</u>	<u>(2,703,830)</u>	<u>(69,442)</u>	<u>(1,817,538)</u>
Other financing sources and (uses)					
Premium on obligations	-	-	100,569	-	100,569
Operating transfers in	-	-	440,000	53,653	493,653
Operating transfers (out)	(493,653)	-	-	-	(493,653)
Total other sources and (uses)	<u>(493,653)</u>	<u>-</u>	<u>540,569</u>	<u>53,653</u>	<u>100,569</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	462,081	-	(2,163,261)	(15,789)	(1,716,969)
Fund balance - beginning of year	<u>2,828,464</u>	<u>-</u>	<u>(281,717)</u>	<u>22,129</u>	<u>2,568,876</u>
Fund balance - end of year	<u>\$ 3,290,545</u>	<u>\$ -</u>	<u>\$ (2,444,978)</u>	<u>\$ 6,340</u>	<u>\$ 851,907</u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended June 30, 2025

	<u>Total Governmental Funds</u>	<u>Long-term Revenues, Expenses</u>	<u>Capital Related Funds</u>	<u>Long-term Debt Transactions</u>	<u>Reclassification and Eliminations</u>	<u>Statement of Activities Totals</u>
Revenues						
Real property taxes	\$ 9,765,303	\$ -	\$ -	\$ -	\$ -	\$ 9,765,303
Other tax items	607,180	-	-	-	-	607,180
Charges for services	80,362	-	-	-	-	80,362
Use of money and property	426,659	-	-	-	-	426,659
State sources	11,178,170	-	-	-	-	11,178,170
Federal sources	1,032,446	-	-	-	-	1,032,446
Sales	28,008	-	-	-	-	28,008
Miscellaneous	355,027	-	-	-	-	355,027
Total revenues	<u>23,473,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,473,155</u>
Expenditures/Expenses						
General support	5,611,929	225,426	(2,562,871)	-	-	3,274,484
Instruction	9,962,079	2,028,829	(13,858)	-	-	11,977,050
Pupil transportation	969,929	398,888	(334,356)	-	-	1,034,461
Employee benefits	6,444,327	4,554,820	-	-	-	10,999,147
Debt services:						
Principal	1,178,029	-	-	(1,178,029)	-	-
Interest	505,201	-	-	(6,603)	-	498,598
Cost of sales	619,199	-	-	-	-	619,199
Total expenditures/expenses	<u>25,290,693</u>	<u>7,207,963</u>	<u>(2,911,085)</u>	<u>(1,184,632)</u>	<u>-</u>	<u>28,402,939</u>
Excess (deficiency) of revenues over expenditures	<u>(1,817,538)</u>	<u>(7,207,963)</u>	<u>2,911,085</u>	<u>1,184,632</u>	<u>-</u>	<u>(4,929,784)</u>
Other sources and (uses)						
Premium on obligations	100,569	-	-	-	-	100,569
Operating transfers in	493,653	-	-	-	(493,653)	-
Operating transfers (out)	(493,653)	-	-	-	493,653	-
Total other sources and (uses)	<u>100,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,569</u>
Net change for the year	<u>\$ (1,716,969)</u>	<u>\$ (7,207,963)</u>	<u>\$ 2,911,085</u>	<u>\$ 1,184,632</u>	<u>\$ -</u>	<u>\$ (4,829,215)</u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2025

	<u>Private Purpose Trusts</u>	<u>Custodial</u>
Assets		
Cash	\$ 834,642	\$ 78,541
Due from other funds	700	-
Total assets	<u>\$ 835,342</u>	<u>\$ 78,541</u>
Liabilities		
Due to other funds	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
Net Position		
Restricted	<u>835,342</u>	<u>78,541</u>
Total liabilities and net position	<u>\$ 835,342</u>	<u>\$ 78,541</u>

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2025

	<u>Private Purpose Trusts</u>	<u>Custodial</u>
Additions		
Gifts and contributions	\$ 81,773	\$ 106,561
Library taxes collected	-	287,628
Total additions	<u>81,773</u>	<u>394,189</u>
Deductions		
Scholarships and awards	63,335	-
Library taxes collected	-	287,628
Other custodial activities	-	116,352
Total deductions	<u>63,335</u>	<u>403,980</u>
Excess of expenditures over revenues	18,438	(9,791)
Net position - beginning of year, restated	<u>816,904</u>	<u>88,332</u>
Net position - end of year	<u>\$ 835,342</u>	<u>\$ 78,541</u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

Tupper Lake Central School District (“the District”) provides K-12 public education to students living within its geographic borders.

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

a) Reporting Entity

The District is governed by the laws of the State of New York. The District is an independent entity governed by an elected Board of Education consisting of 6 members. The President of the Board serves as the Chief Fiscal Officer and the Superintendent is the Chief Executive Officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Unit*. The financial reporting entity consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include potential component unit in the District’s reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

Extraclassroom Activity Funds

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

Public Library

The Tupper Lake Public Library jointly shares the services of the District Treasurer and the District collects taxes and has title to real property used by the Library. The Library is an independent body whose Trustees are elected separately from the School District. Further review of GASB’s requirements for component units indicate that the operations of the Library should not be reflected in the District’s financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

b) Joint Venture

The District is one of ten component school districts in Franklin-Essex-Hamilton Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographical area that shares planning, services and programs that provide educational and support activities.

There is no authority or process by which a school district can terminate its status as a BOCES component. BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)).

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

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

During the year, the District was billed \$343,216 for BOCES administrative and capital costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$0 of bond anticipation notes on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$1,035,000.

The District's share of BOCES aid amounted to \$1,351,942.

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

c) Basis of Presentation

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both government-wide and fund financial statements categorize primary activities as governmental. The District's General Fund, Special Aid Fund, Capital Projects Fund, and School Food Service Fund are classified as governmental.

District-wide statements

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

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

c) Basis of Presentation (continued)

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

Fund statements

The District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditure for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The special revenue funds classified as major are:

Special Aid Fund: Used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.

School Food Service Fund: Used to account for transactions of the lunch and breakfast programs.

Capital Fund: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or nonmajor fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be nonmajor are reported in the supplemental schedules either separately or in the aggregate.

The District reports the following fiduciary funds:

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

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

c) Basis of Presentation (continued)

There are two classes of fiduciary funds:

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

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as an agent for various student groups or extraclassroom activity funds. The District also collects property taxes on behalf of the Tupper Lake Public Library.

d) Measurement Focus and Basis of Accounting

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

The district-wide and fiduciary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

e) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on November 30. Uncollectable real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District not later than the following April 1.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

f) Restricted Resources

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

g) Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services. This includes the transfer of unrestricted General Funds revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset. Refer to Note 6 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

h) Estimates

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

i) Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

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

Collateral is required for demand and time deposits and certificates of 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. Investments are stated at fair value.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

i) Cash (and Cash Equivalents)/Investments (continued)

Certain cash balances are restricted by various legal or contractual obligations, such as legal reserves or debt agreements.

j) Accounts Receivable

Receivables are shown as gross. No allowance for uncollectible accounts has been provided since the District expects to collect the full amount.

k) Inventories

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

l) Capital Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not capitalized. Land and construction-in-progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of general fixed assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	Straight line	5-15 years
Furniture and equipment	\$ 5,000	Straight line	3-7 years

Capital assets are not reported in the governmental fund financial statements. Capital outlays in these funds are recorded as expenditures in the year they are incurred.

m) Deferred Outflows 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. 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 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 to the pension systems not included in pension expense. Also included in this item is the District's contribution to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The second item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effects of the net change in the actual and expected experience.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

n) Deferred Inflows of Resources

In addition to liabilities the Statement of Net Position or Balance Sheet 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 three items that qualify for reporting in this category.

The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS Systems) and differences during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in the pension expense.

The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of net changes of assumption or other inputs.

The third item is related to unearned revenue. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. The District reports unearned on its governmental funds balance sheet and Statement of Net Position as a deferral related to a future period.

o) Compensated Absences

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

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

Vacation eligibility and accumulation is specified in collective bargaining agreements for individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payments upon retirement, termination, or death.

Certain collective bargained agreements require these payments to be paid in the form on non-elective contributions into the employee's 403(b) plan.

In the government-wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick, when employees have earned the right to the leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The liability is measured as the employee's rate of pay at the reporting date, including salary-related payments such as Social Security and Medicare taxes.

In the fund statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from services with the District by June 30th.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

p) Other Benefits

The District participates on the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

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

q) Short-term Debt

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

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

The 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 actually receive the proceeds from the issuance of bonds. BANs that are replaced with long-term financing or renewed subsequent to the year-end but before the issuance of the financial statements are treated as long-term liabilities, as these notes will not require the use of working capital during that period. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

r) 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, other postemployment benefits payable 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 in one year or due within more than one year in the Statement of Net Position.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

s) Equity Classifications

District-wide statements:

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

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) and right to use assets (present value of future payments remaining on the term less accumulated amortization), reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of, and the right to use those assets, net of any unexpended proceeds those assets.

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

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

Fund statements:

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

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2025, non-spendable fund balance includes the inventory in the School Food Service Fund of \$6,340.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balances. The District has established the following restricted fund balances:

Unemployment Insurance

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

Employee Benefit Accrued Liability Reserve

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

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

s) Equity Classifications (continued)

Retirement Contribution Reserve

According to General Municipal Law (GML §6-r), all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employee's Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separately and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

Capital

According to Education Law §3651, expenditures made from the Capital Reserve Fund must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition is to be placed on the ballot are set forth in §3561 of the Education Law. This reserve is accounted for in the General Fund.

Restricted fund balance includes the following:

General Fund:	
Unemployment insurance	\$ 212,522
Employee benefits	493,240
Retirement contributions	535,472
Capital reserve	300,375
	<u>\$ 1,541,609</u>

Committed – Includes amounts that can only be used for the specific purpose pursuant to constraints imposed by formal action of the school districts highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balance as of June 30, 2025.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances reported in the General Fund amount to \$15,446.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

s) Equity Classifications (continued)

Appropriated fund balance in the General Fund amounted to \$150,000. As of June 30, 2025 the District's general fund encumbrances were classified as follows:

General support	\$	15,094
Instruction		271
Pupil transportation		81
Total	\$	<u>15,446</u>

Any remaining fund balance in other funds is considered assigned.

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

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

Net Position/Fund Balance

Net position flow assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted – net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund balance flow assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to be reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

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

t) Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GSAB) that are applicable. At June 30, 2025, the District implemented the following new standards issued by GASB.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (continued)

t) Implementation of New Accounting Standards

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended June 30, 2025. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ended June 30, 2025. This Statement's objective is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

Note 2. Explanation of Certain Differences between Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the 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 focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds. Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting on capital assets and long-term liabilities, including pensions and other post-employment benefits.

Explanation of Differences between Governmental Fund Balance and District-wide Net Position

Ending fund balance reported on governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance	\$	851,907
Assets		
Capital assets net of related depreciation		4,959,021
Net Pension asset – proportionate share		1,002,431
Deferred outflows of resources:		
OPEB		9,330,963
Pensions		3,112,129
Liabilities:		
Bonds payable		(6,404,626)
Notes payable		(150,888)
Compensated absences		(478,573)
Net pension liability – proportionate share		(1,311,474)
Other post-employment benefits		(80,388,284)
Deferred inflows of resources:		
OPEB		(10,556,229)
Pensions		(1,381,310)
Ending net position reported in Statement of Position for governmental activities	\$	<u>(81,414,933)</u>

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 2. Explanation of Certain Differences between Fund Statements and District-wide Statements (continued)

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund financial statements and depreciation or amortization expense on those items are recorded in the Statement of Activities.

iv) Pension differences:

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resource measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

v) Other post-employment benefits:

Other post-employment benefits differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby and expenditures is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resource measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future costs of benefits in retirement over the term of employment.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 2. Explanation of Certain Differences between Fund Statements and District-wide Statements (continued)

Explanation of Differences between Governmental Funds Operating Statements and the District Wide Statement of Activities

Total revenues and other funding sources of governmental funds	\$ <u>23,573,724</u>
Total revenues of governmental activities in the Statement of Activities	\$ <u>23,573,724</u>
Total expenditures reported in governmental funds	\$ 25,290,693
<p>In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>	
	34,048
<p>When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statements of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Expenditures for capital outlay	(2,911,085)
Current year depreciation	2,653,143
<p>Repayment of bond and note principal is an expenditure in the governmental funds but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>	
	(1,184,632)
<p>The payment of other post-employment benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. However, in the Statement of Activities, the current cost plus the actuarial cost of future benefits are combined and recognized as an expense. This is the amount by which the annual OPEB cost exceeded the premiums paid.</p>	
	4,581,826
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>	
	<u>(61,054)</u>
Total expenses of governmental activities in the Statement of Activities	\$ <u>28,402,939</u>

Note 3. Stewardship, Compliance and Accountability

Budgets procedures and budgetary accounting

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

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

Appropriations are adopted at the program line item level.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 3. Stewardship, Compliance and Accountability (continued)

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year determined at the time the budget was adopted.

Budgets are established 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. The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2025.

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 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 reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid. Encumbrances are classified as restricted or assigned fund balance based on the source and strength of constraints placed on them.

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include using its fund balance in future budgets to provide stability to taxpayers in a fiscally responsible manner.

Fund balance/net position deficits

The Capital Projects Fund has a fund deficit at June 30, 2025 of \$2,444,978. This is due to the bond anticipation notes recognized as a liability in the fund financial statements.

The District has a net position deficit of \$81,414,933 at June 30, 2025. This is a result of the other post-employment benefits being fully unfunded.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 4. Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risk

Cash

The District's aggregate bank balance (disclosed in the financial statements) included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$	-
Collateralized securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$	8,072,287

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$10,559,190 within the governmental funds and \$913,183 in the fiduciary funds.

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institutions' trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2025 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investments and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State, and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 4. Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risk (continued)

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured, or guaranteed as to the payment of principal and interest, by the United State Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

Note 5. Receivables

Receivables at year-end for individual funds are as follows:

Description	General	Special Aid	Capital Projects	School Food Service	Total
Accounts receivable	\$ 623	\$ 10,000	\$ -	\$ 220	\$ 10,843
Due from State and Federal	1,424,311	350,914	-	36,857	1,812,082
Total	\$ 1,424,934	\$ 360,914	\$ -	\$ 37,077	\$ 1,822,925

District management has deemed the amounts to be fully collectible.

Note 6. Interfund Balances and Activity

Interfund balances and activity at June 30, 2025 and for the fiscal year then ended, were as follows:

Fund	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenses
General Fund	\$ 385,214	\$ 513,168	\$ -	\$ 493,653
School Food Service Fund	113,885	133,067	53,653	-
Special Aid Fund	-	252,147	-	-
Capital Projects Fund	398,583	-	440,000	-
Private Purpose Trust Fund	700	-	-	-
Total	\$ 898,382	\$ 898,382	\$ 493,653	\$ 493,653

During the year, interfund transfers occurred between funds. The transfers were made in accordance with budgetary authorization. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. Transfers for the year were as follows:

Transfer from	Transfer to	Amount	Purpose
General Fund	School Food Service Fund	\$ 53,653	Fund school food service expenditures
General Fund	Capital Projects Fund	440,000	Fund capital projects expenditures

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 7. Capital Assets

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	6/30/24 Balance	Additions	Retirements Reclassify	6/30/25 Balance
Capital assets that are not depreciated:				
Land	\$ 57,700	\$ -	-	\$ 57,700
Construction in progress	787,052	2,389,145	-	3,176,197
Total	844,752	2,389,145	-	3,233,897
Capital assets that are depreciated:				
Building and land improvements	1,347,940	100,000	-	1,447,940
Buildings	31,856,892	-	-	31,856,892
Machinery and equipment	951,958	13,858	-	965,816
Vehicles	2,722,186	408,082	106,871	3,023,397
Total	36,878,976	521,940	106,871	37,294,045
Less accumulated depreciation:				
Building and land improvements	999,247	89,863	-	1,089,110
Building and improvements	29,037,731	2,123,793	-	31,161,524
Machinery and equipment	894,055	40,599	-	934,654
Vehicles	2,091,616	398,888	106,871	2,383,633
Total	33,022,649	2,653,143	106,871	35,568,921
 Total capital assets - net	\$ 4,701,079	\$ 257,942	-	\$ 4,959,021

Depreciation expense was charged to governmental functions as follows:

General government	\$ 225,426
Instruction	2,028,829
Pupil transportation	398,888
	\$ 2,653,143

Note 8. Indebtedness

Short-term debt

Transactions in short-term debt for the year are summarized below:

	Maturity	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	6/26/26	4.50%	\$ -	\$ 13,060,000	\$ -	\$ 13,060,000
BAN	6/27/25	4.50%	6,200,000	-	6,200,000	-
			\$ 6,200,000	\$ 13,060,000	\$ 6,200,000	\$ 13,060,000

Interest paid on short-term debt for the year ended June 30, 2025 was \$279,000.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 8. Indebtedness (continued)

Long-term debt

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

Serial bonds

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

Compensated absences are paid from the applicable fund where the employee is charged.

The net pension liability is the difference between the total pension liability (the present value of projected benefits payment to employees based on their past services) and the assets (mostly investments reported at fair value) set aside to pay current employees, retirees, and beneficiaries. The accrual for the District's share of the net pension liability is recorded in the government-wide financial statements.

Long-term liability balances and activity for the year ended June 30, 2025 are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Serial bond	\$ 7,556,118	\$ -	\$ 1,151,492	\$ 6,404,626
Notes payable	184,028	-	33,140	150,888
Other liabilities:				
Compensated absences	444,525	34,048	-	478,573
Post – employment benefits	81,288,417	-	900,133	80,388,284
Net pension liability	1,474,050	-	162,576	1,311,474
	<u>\$ 90,947,138</u>	<u>\$ 34,048</u>	<u>\$ 2,247,341</u>	<u>\$ 88,733,845</u>

Existing serial bond obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Original Amount	Balance
Serial bond	6/15/18	6/15/33	2.840%	\$ 8,287,833	\$ 4,849,626
Serial bond	6/23/21	6/15/33	1.49%	1,495,000	1,035,000
Serial bond	8/30/21	6/15/26	1.00-1.125%	313,000	80,000
Serial bond	3/21/23	6/15/27	4.41%	275,000	150,000
Serial bond	1/18/24	6/15/28	3.85%	334,889	215,000
Serial bond	6/28/24	6/15/29	0%	75,000	75,000
Note payable	7/1/14	6/1/29	0.086%	554,212	150,888
					<u>6,555,514</u>
Less current portion					<u>(936,658)</u>
Long-term portion					<u>\$ 5,618,856</u>

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 8. Indebtedness (continued)

The following is a summary of maturing debt service requirements:

<u>Years ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 936,658	\$ 183,071	\$ 1,119,729
2027	897,739	158,244	1,055,983
2028	838,853	125,185	964,038
2029	785,001	107,578	892,579
2030	755,652	87,000	842,652
2031-2035	2,341,611	91,632	2,433,243
	<u>\$ 6,555,514</u>	<u>\$ 752,710</u>	<u>\$ 7,308,224</u>

Interest paid on long-term debt for the year ended June 30, 2025 was \$226,201.

Note 9. Pension Plans

The District participates in the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS) (the Systems). These are cost-sharing multiple employers, defined benefit, public employee retirement systems. The Systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salaries.

Plan Description and Benefits Provided

Teachers' Retirement System (TRS)

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides retirement benefits, as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State Statute. The New York TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York, 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial Report, which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

Benefits can be changed for future members only by enactment of a State Statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Plan members who joined the system before July 27, 1976, are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarial determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employe and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary.

For ERS, the Comptroller annually certifies the actuarial determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by TRS and ERS for the current year. The District's contribution rate was 9.76% of covered payroll for TRS' fiscal year ended June 30, 2024. The District's average contribution was 16.30% of covered payroll for the ERS' fiscal year ended March 31, 2025.

June 30		ERS		TRS
2023-2024	\$	255,518	\$	626,107
2022-2023		200,663		611,128
2021-2022		283,759		613,943

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2025 was \$609,260 for TRS at the contribution rate of 10.11% and \$307,389 for the ERS at an average contribution rate of 16.30%.

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

Pension Assets/(Liabilities), Pension Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

This information was provided by the ERS and TRS System in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2025	June 30, 2024
Net pension asset/(liability)	\$ (1,311,474)	\$ 1,002,431
District's portion of the Plan's total net pension asset/(liability)	0.0076490%	0.033598%
Change in proportion since prior Measurement date	\$ (205,162)	\$ 1,370,169

For the year ended June 30, 2025 the District's recognized pension expense of \$275,545 for ERS and \$589,128 for TRS. At June 30, 2025, the District's reported deferred outflows of and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:

	ERS	TRS	Total
Differences between expected and actual experiences	\$ 325,517	\$ 1,079,434	\$ 1,404,951
Changes of assumptions	55,001	599,657	654,658
Net difference between projected and actual earnings	102,895	-	102,895
Change in proportion	86,257	172,305	258,562
Contributions subsequent to the measurement date	81,803	609,260	691,063
Total	\$ 651,473	\$ 2,460,656	\$ 3,112,129

Deferred inflows of resources:

	ERS	TRS	Total
Differences between expected and actual experiences	\$ 15,355	\$ -	\$ 15,355
Changes of assumptions	-	100,868	100,868
Net difference between projected and actual earnings	-	1,113,786	1,113,786
Change in proportion	100,628	50,673	151,301
Total	\$ 115,983	\$ 1,265,327	\$ 1,381,310

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

	ERS	TRS
Year ended:		
2025	\$ -	\$ (480,000)
2026	217,223	1,262,980
2027	334,662	(173,468)
2028	(103,332)	(206,512)
2029	5,133	138,895
Thereafter	-	44,173

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

Actuarial Assumptions

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

The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Inflation rate	2.90%	2.40%
Salary scale	4.30%	5.18%
Investment rate of return (net of Investment expenses, including inflation)	5.90%	6.95%
Cost of living adjustment	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP 2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021 for June 30, 2024, applied on a generational basis.

For ERS, the actuarial assumption used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the demographic actuarial assumptions and salary scale are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

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

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

Best estimates of the arithmetic real rates for each major asset class included in the target asset allocation are summarized as follows:

<u>ERS</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Asset type		
Domestic equity	25.0%	3.54%
International equity	14.0	6.57
Private equity	15.0	7.25
Real estate	12.0	4.95
Opportunistic return strategies	3.0	5.25
Credit	4.0	5.4
Real assets	4.0	5.55
Fixed income	22.0	2.00
Cash	1.0	0.25
	<u>100.0%</u>	

Real rates of return are net of the long-term inflation assumption of 2.90%.

<u>TRS</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Asset type		
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 securities	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	1.0	0.5
	<u>100.0%</u>	

Real rates of return are net of the long-term inflation assumption of 2.40%.

Discount Rate

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

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2025 calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for ERS and 5.95% for TRS) or 1 percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current discount rate (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (3,795,572)	\$ (1,311,474)	\$ 762,749
TRS	1% Decrease (5.95%)	Current discount rate (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ (4,630,285)	\$ 1,002,431	\$ 5,739,695

Change of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Employers' total pension liability	\$ 247,600,239	\$ 142,837,826
Fiduciary net position	230,454,512	145,821,434
Employers' net pension liability (asset)	\$ <u>(17,145,727)</u>	\$ <u>(2,983,608)</u>
Ratio of fiduciary net position to the Employers' total pension liability	93.08%	102.10%

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9. Pension Plans (continued)

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contributions for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$81,803 of employer contributions. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October, and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2025 amounted to \$706,475.

Note 10. Post-Employment Benefits

General information about the OPEB plan

Plan description - The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is single-employer defined benefit OPEB plan (the Plan) administered by the District. Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the District Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria set forth by GASB.

Funding Policy - The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when they retired and their applicable agreement. Employees are required to reach age 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits provided -The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefits terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

Employee Covered by Benefit Terms – At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	150
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	<u>136</u>
	<u>286</u>

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 10. Post-Employment Benefits (continued)

Net OPEB liability

The District's total OPEB liability of \$80,388,284 was measured as July 1, 2024 and was determined by an actuarial valuation as of July 1, 2023.

Actuarial assumptions and other inputs

The total OPEB liability at June 30, 2025 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary Increases	3.50%
Discount Rate	3.93%
Healthcare Cost Trend Rates	
Medical	7.80% for 2025, decrease to an ultimate rate of 4.14% by 2094
Part B Reimbursement	5.00%
Retirees' Share of Benefit-Related Cost	All current and future retirees contribute 50% of the medical plan premium for individual or family coverage, with the District assuming the remaining balance. Surviving Spouses may continue coverage at 50% of the individual premium cost.

Mortality rates for active employees were based on the PUB-2010 Mortality Table for employees, sex distinct, job category specific, headcount weighted and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

Mortality rates for retirees were based on the PUB-2010 Mortality Table for employees, sex distinct, job category specific, headcount weighted and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

Retirement participation rate assumed that 100% of eligible employees will elect medical coverage at retirement age, and 90% of active members' spouses will elect medical coverage. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teacher's Retirement System and the New York State Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

The discount rate was based on Bond Buyer Weekly 20 - Bond Go Index.

Changes in the Total OPEB Liability

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

Balance at July 1, 2023	\$ <u>81,288,417</u>
<u>Changes for the Year -</u>	
Service cost	2,377,154
Interest cost	3,007,480
Changes in assumptions or other inputs	(3,747,045)
Benefits payments (including implicit subsidy)	(2,537,722)
Net Changes	<u>(900,133)</u>
Balance at July 1, 2024	\$ <u><u>80,388,284</u></u>

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 10. Post-Employment Benefits (continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024.

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

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

	<u>1% Decrease (2.93%)</u>	<u>Current discount rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Total OPEB Liability	\$ <u>95,002,269</u>	\$ <u>80,388,284</u>	\$ <u>68,825,046</u>

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

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

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>67,180,116</u>	\$ <u>80,388,284</u>	\$ <u>97,688,106</u>

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 \$7,141,262. 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	\$ 434,411	\$ 1,780,831
Changes of assumptions or other inputs	6,337,116	8,775,398
Employer contribution subsequent to the measurement date (Expected employer contribution including implicit subsidy)	<u>2,559,436</u>	<u>-</u>
Total	<u>\$ 9,330,963</u>	<u>\$ 10,556,229</u>

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 10. Post-Employment Benefits (continued)

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

<u>Fiscal Year Ended:</u>	<u>Amount</u>
2026	\$ 1,444,821
2027	(768,416)
2028	(1,177,289)
2029	(1,143,238)
2030	(1,420,568)
2031 and thereafter	(720,012)

Note 11. Unrestricted Net Position

Unrestricted net position in the governmental activities consists of the following at June 30, 2025:

Designated for subsequent year's expenditures	\$ 150,000
Reserved for encumbrances	15,446
Reserved for School Food Service Fund	6,340
Unreserved	<u>(82,566,835)</u>
Total unrestricted net position	\$ <u>(82,395,049)</u>

Note 12. Commitments and Contingencies

The District incurs costs related to an employee health insurance plan (Plan) sponsored by Franklin-Essex-Hamilton BOCES and its component Districts. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses 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 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 expenses in the periods in which they are made. The District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowance and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowance, if any, will be immaterial.

Note 13. Risk Management

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

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 14. Prior Period Adjustments

Correction of an Error in Previously Issued Financial Statements

During fiscal year 2025, the District determined that accumulated depreciation for machinery and equipment was incorrectly reported in the governmental-wide financial statements. Therefore, the capital assets in the Statement Net Position in the governmental activities was understated by \$594,143 for the fiscal year ended June 30, 2024. This also means the net position was understated by \$594,143 for the fiscal year ended June 30, 2024.

The effect of correcting that error is shown in the table below.

	<u>Government- wide</u>
	<u>Governmental Activities</u>
6/30/24, as previously stated	\$ (77,179,861)
Error correction	594,143
6/30/24, restated	<u>\$ (76,585,718)</u>

Note 15. Subsequent Events

The District has evaluated events and transactions that occurred between June 30, 2025 and October 30, 2025, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
REVENUES:					
Local sources:					
Real property taxes	\$ 10,383,450	\$ 10,383,450	\$ 9,765,303	\$ -	\$ (618,147)
Other tax items	45,377	45,377	607,180	-	561,803
Charges for services	-	-	80,362	-	80,362
Use of money and property	20,000	20,000	200,984	-	180,984
Miscellaneous	188,153	188,153	220,458	-	32,305
Total local sources	10,636,980	10,636,980	10,874,287	-	237,307
State sources	10,931,857	10,931,857	10,624,378	-	(307,479)
Federal sources	100,000	100,000	-	-	(100,000)
OTHER FINANCING SOURCES:					
Transfer from other funds	-	-	-	-	-
Total revenues and other financing sources	21,668,837	21,668,837	21,498,665	-	(170,172)
EXPENDITURES:					
General support:					
Board of education	16,500	9,432	8,170	74	1,188
Central administration	211,899	227,049	232,033	1,985	(6,969)
Finance	941,096	1,039,081	1,035,355	825	2,901
Staff	31,439	49,970	41,791	-	8,179
Central services	1,711,548	1,707,326	1,223,923	12,210	471,193
Special items	462,216	479,576	475,508	-	4,068
Total general support	3,374,698	3,512,434	3,016,780	15,094	480,560
Instruction:					
Instruction, administration and improvement	371,582	456,747	462,566	-	(5,819)
Teaching - regular school	4,378,094	4,215,718	3,913,971	-	301,747
Programs for handicapped children	2,635,223	2,742,778	2,796,380	134	(53,736)
Instructional media	661,450	696,410	430,762	-	265,648
Pupil services	1,205,262	1,345,188	1,261,599	137	83,452
Total instruction	9,251,611	9,456,841	8,865,278	271	591,292
Pupil transportation	666,456	668,656	635,573	81	33,002
Employee benefits	6,501,683	6,166,105	6,342,070	-	(175,965)
Debt service:					
Principal	1,413,513	1,413,513	1,178,029	-	235,484
Interest	590,876	590,876	505,201	-	85,675
OTHER FINANCING USES:					
Transfers to other funds	120,000	120,000	493,653	-	(373,653)
Total expenditures and other financing uses	21,918,837	21,928,425	21,036,584	15,446	876,395
Excess of revenues and other sources over expenditures and other uses	\$ (250,000)	\$ (259,588)	\$ 462,081	\$ (15,446)	\$ 706,223

Notes to schedule:

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

See Independent Auditor's Report.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Funding Progress for the Retiree Health Plan
Year Ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	07/1/2024	07/1/2023	07/1/2022	07/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017
Total OPEB Liability								
Service cost	\$ 2,377,154	\$ 2,848,984	\$ 2,884,783	\$ 2,748,454	\$ 1,903,875	\$ 2,047,069	\$ 2,382,508	\$ 3,185,197
Interest	3,007,480	2,752,855	1,774,216	1,824,290	2,243,230	2,208,126	2,059,778	2,126,584
Difference between expected and actual experience in the measurement of the total OPEB liability	-	(2,684,807)	-	199,359	-	4,135,210	-	(7,544,302)
Changes of assumptions and other inputs	(3,747,045)	4,676,463	(7,340,836)	(2,284,734)	15,548,499	749,860	(2,433,791)	(12,732,211)
Benefit payments	<u>(2,537,722)</u>	<u>(2,440,730)</u>	<u>(2,410,022)</u>	<u>(2,116,858)</u>	<u>(2,054,002)</u>	<u>(1,870,609)</u>	<u>(1,792,618)</u>	<u>(1,474,430)</u>
Net change in total OPEB liability	(900,133)	5,152,765	(5,091,859)	370,511	17,641,602	7,269,656	215,877	(16,439,162)
Total OPEB liability - beginning	<u>81,288,417</u>	<u>76,135,652</u>	<u>81,227,511</u>	<u>80,857,000</u>	<u>63,215,398</u>	<u>55,945,742</u>	<u>55,729,865</u>	<u>72,169,027</u>
Total OPEB liability - ending	<u>\$ 80,388,284</u>	<u>\$ 81,288,417</u>	<u>\$ 76,135,652</u>	<u>\$ 81,227,511</u>	<u>\$ 80,857,000</u>	<u>\$ 63,215,398</u>	<u>\$ 55,945,742</u>	<u>\$ 55,729,865</u>
Covered payroll	<u>\$ 9,516,093</u>	<u>\$ 6,544,430</u>	<u>\$ 6,425,799</u>	<u>\$ 5,875,826</u>	<u>\$ 8,333,574</u>	<u>\$ 8,706,641</u>	<u>\$ 7,614,890</u>	<u>\$ 7,512,344</u>
Total OPEB liability as a percentage of covered payroll	845%	1242%	1185%	1382%	970%	726%	735%	742%

Notes to schedule:

The District does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* to pay OPEB benefits. The District currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis.

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.

See Independent Auditor's Report.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)
Year Ended June 30, 2025

Teachers' Retirement System	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension asset or liability	0.033598%	0.032157%	0.035363%	0.035824%	0.03712%	0.037121%	0.037967%	0.038253%	0.036843%	0.037378%
District's proportionate share of the net pension asset (liability)	\$ 1,002,431	\$ (367,738)	\$ (678,585)	\$ 6,207,947	\$ (1,025,761)	\$ (1,025,761)	\$ 686,534	\$ 290,762	\$ (394,601)	\$ 3,882,345
District's covered-employee payroll	\$ 6,233,777	\$ 6,544,430	\$ 6,216,206	\$ 6,425,799	\$ 6,133,965	\$ 6,466,075	\$ 6,302,174	\$ 6,295,439	\$ 6,061,868	\$ 5,685,203
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	16.1%	5.6%	10.9%	96.6%	16.7%	15.9%	10.9%	4.6%	6.5%	68.3%
Plan fiduciary net position as a percent of the total pension asset or liability	102.1%	99.2%	98.7%	113.3%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%
Employees' Retirement System										
Measurement date	3/31/2024	3/31/2023	3/31/2022	3/31/2021	3/31/2020	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016
District's proportion of the net pension asset or liability	0.0076490%	0.0075136%	0.0064370%	0.0070085%	0.0069971%	0.0070065%	0.0064757%	0.0058555%	0.0060018%	0.0050723%
District's proportionate share of the net pension asset (liability)	\$ (1,311,474)	\$ (1,106,312)	\$ (1,380,425)	\$ 572,917	\$ (6,967)	\$ (1,855,368)	\$ (458,825)	\$ (188,983)	\$ (563,940)	\$ (814,114)
District's covered-employee payroll	\$ 2,504,025	\$ 2,099,461	\$ 4,602,899	\$ 2,014,886	\$ 1,242,571	\$ 2,240,566	\$ 1,684,837	\$ 1,691,018	\$ 1,567,958	\$ 1,483,569
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	52.4%	52.7%	30.0%	28.4%	0.3%	87.4%	22.6%	10.3%	31.7%	55.7%
Plan fiduciary net position as a percent of the total pension asset or liability	93.1%	93.9%	90.8%	103.5%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%

See Independent Auditor's Report.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Pension Contributions
Year Ended June 30, 2025

<u>Teachers' Retirement System</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 609,260	\$ 626,107	\$ 611,128	\$ 613,943	\$ 579,469	\$ 558,238	\$ 606,063	\$ 710,451	\$ 710,451	\$ 984,244
Contributions in relation to the contractually required contribution	<u>609,260</u>	<u>626,107</u>	<u>611,128</u>	<u>613,943</u>	<u>579,469</u>	<u>558,238</u>	<u>606,063</u>	<u>710,451</u>	<u>710,451</u>	<u>984,244</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,233,777	\$ 6,544,430	\$ 6,216,206	\$ 6,425,799	\$ 6,133,965	\$ 6,466,075	\$ 6,302,174	\$ 6,295,439	\$ 6,061,868	\$ 5,685,203
Contributions as a percentage of covered-employee payroll	9.8%	9.6%	9.8%	9.6%	10.0%	9.3%	10.6%	9.8%	13.2%	17.2%
<u>Employees' Retirement System</u>										
Contractually required contributions	\$ 307,389	\$ 255,518	\$ 200,663	\$ 283,759	\$ 274,323	\$ 244,417	\$ 222,538	\$ 210,995	\$ 246,283	\$ 184,303
Contributions in relation to the contractually required contribution	<u>307,389</u>	<u>255,518</u>	<u>200,663</u>	<u>283,759</u>	<u>274,323</u>	<u>244,417</u>	<u>222,538</u>	<u>210,995</u>	<u>246,283</u>	<u>184,303</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,504,025	\$ 2,099,461	\$ 4,602,899	\$ 2,014,886	\$ 1,242,571	\$ 2,240,566	\$ 1,684,837	\$ 1,691,018	\$ 1,567,958	\$ 1,483,569
Contributions as a percentage of covered-employee payroll	12.3%	12.2%	4.4%	14.1%	15.5%	13.5%	12.8%	12.3%	13.5%	22.0%

See Independent Auditor's Report.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Supplementary Information
Schedule of Change from Adopted Budget to Final Budget
and Section 1318 of the Real Property Tax Law Limit Calculation
Year Ended June 30, 2025

Change from adopted budget to final budget

Adopted budget		\$ 21,918,837
Additions:		
Prior year encumbrances		<u>9,588</u>
Final budget		\$ <u>21,928,425</u>

Section 1318 of the Real Property Tax Law Limit Calculation

2025-2026 expenditure budget		\$ 21,982,546
Maximum allowed (4% of 2025-2026 budget)		<u>879,302</u>

Unrestricted fund balance:

Assigned fund balance		\$ 165,446
Unassigned fund balance		<u>1,583,490</u>
Total unrestricted fund balance		\$ <u>1,748,936</u>

Less:

Appropriated fund balance		\$ 150,000
Encumbrances included in committed and assigned fund balance		<u>15,446</u>
Total adjustments		\$ <u>165,446</u>

General Fund fund balance subject to section 1318 of the real property tax law		\$ <u>1,583,490</u>
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Actual percentage		7.2%
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* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", updated April 2011 (originally issued November 2010) the portion of [General Fund] fund balance that is subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balances.

See Independent Auditor's Report.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Supplementary Information
Net Investment in Capital Assets
Year Ended June 30, 2025

Capital assets and right to use assets, net	\$ 4,959,021
Deduct:	
Short-term portion of bonds and notes payable	816,658
Long-term portion of bonds and notes payable	<u>4,703,856</u>
Net investment in capital assets	<u>\$ (561,493)</u>

See Independent Auditor's Report.

Independent Auditor's Report

To the Board of Education
Extraclassroom Activity Funds of
Tupper Lake Central School District
Tupper Lake, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying statement of assets, liabilities, and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of Tupper Lake Central School District as of and for the year ended June 30, 2025.

In our opinion, the financial statements referred to above present fairly, in all material respects the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of Tupper Lake Central School District, as of June 30, 2025, and its receipts, disbursements, and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis for Opinions

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 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 Extraclassroom Activity Funds of Tupper Lake Central School District 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 Funds of Tupper Lake 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 Extraclassroom Activity Funds of the Tupper Lake 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.

Telling & Hillman, P.C.

Telling & Hillman, P.C.
License # 092.0131564
Middlebury, Vermont
October 30, 2025

TUUPPER LAKE CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Fund
Statement of Assets, Liabilities, and Fund Balance - Cash Basis
Year Ended June 30, 2025

Assets	
Cash	\$ <u>78,541</u>
Total assets	\$ <u><u>78,541</u></u>
Net position	
Reserve for extraclassroom activities	\$ <u>78,541</u>
Total net position	\$ <u><u>78,541</u></u>

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT
Extraclassroom Activity Fund
Statement of Receipts, Disbursements, and Ending Balances - Cash Basis
Year Ended June 30, 2025

	July 1 2024	Total Receipts	Total Payments	June 30 2025
Band/Chorus	\$ 15,186	\$ 15,049	\$ 9,099	\$ 21,136
Baseball Club	23	8,296	7,111	1,208
Boys Basketball	1,973	1,750	3,723	-
Cheerleaders	452	-	452	-
Class of 2025	6,767	30,271	36,289	749
Class of 2026	3,354	4,795	2,710	5,439
Class of 2027	5,405	3,949	1,010	8,344
Class of 2028	-	449	-	449
Drama Club	12,300	3,804	7,276	8,828
Friends of Rachel	363	-	-	363
Girls Basketball	1,359	-	1,359	-
Girls Volleyball	1,409	175	1,584	-
Green Team	542	-	-	542
Indoor Track Club	288	-	288	-
Jr. Honor Society	157	-	157	-
Middle School	208	-	208	-
Musical Club	17,279	11,347	19,733	8,893
National Honor Society	254	157	-	411
NYS Tax	2,331	4,977	7,148	160
Outdoor Track	38	-	38	-
SADD	872	-	-	872
Ski Club	10,011	636	619	10,028
Softball Club	37	-	37	-
Spirit Week	49	-	49	-
Student Council	2,603	1,591	708	3,486
Student Council - LPQ	-	171	-	171
Varisty Hockey Club	876	207	1,083	-
Varsity T Club	439	13,727	9,758	4,408
Video Club	198	1,000	174	1,024
Year Book	3,559	4,210	5,739	2,030
Totals	\$ 88,332	\$ 106,561	\$ 116,352	\$ 78,541

The accompanying notes are an integral part of the financial statements.

TUPPER LAKE CENTRAL SCHOOL DISTRICT

Extraclassroom Activity Funds Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

As Tupper Lake Central School District, through its Board of Education, has oversight responsibility over the Extraclassroom Activity Funds, such funds are considered a component unit of the District. Accordingly, such transactions are blended with the other trust funds of the District in its basic financial statements under the Custodial Fund.

The books and records of Tupper Lake Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Note 2. Subsequent Events

The District has evaluated events and transactions that occurred between June 30, 2025 and October 30, 2025 which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

APPENDIX C

Form of Legal Opinions

LAW OFFICES

OF

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June 18, 2026

Board of Education of the
Tupper Lake Central School District
Franklin County, New York

Re: ***Tupper Lake Central School District
\$19,735,000 School District (Serial) Bonds, 2026***

Dear Board Members:

I have examined a record of proceedings relating to the issuance of \$19,735,000 aggregate principal amount of School District (Serial) Bonds, 2026 of the Tupper Lake Central School District, a school district of the State of New York. The Bonds are issued as serial bonds maturing on June 15 in the following years and in the following principal amounts:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2027	\$785,000	2032	\$1,140,000	2037	\$1,530,000
2028	\$940,000	2033	\$1,195,000	2038	\$1,605,000
2029	\$980,000	2034	\$1,325,000	2039	\$1,685,000
2030	\$1,050,000	2035	\$1,385,000	2040	\$1,755,000
2031	\$1,085,000	2036	\$1,455,000	2041	\$1,820,000

The Bonds are dated June 18, 2026, bear interest at the rate or rates per annum as set forth therein, payable December 15, 2026 and semi-annually thereafter on June 15 and December 15 in each year until maturity, are subject to optional redemption as provided therein, and are issued pursuant to the Local Finance Law of the State of New York and a bond resolution adopted November 13, 2023. The proposition approving the matters set forth in the bond resolution was approved by the voters of the School District on October 17, 2023.

Board of Education of the
Tupper Lake Central School District
June 18, 2026

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The Bonds are issued only in fully registered form, in the name of “Cede & Co.,” as nominee for The Depository Trust Company, an automated depository for securities and clearinghouse for securities transactions which will maintain a book-entry system for recording the ownership interests in the Bonds. Only one Bond will be initially issued for each maturity in the aggregate principal amount of such maturity. Purchases of ownership interests in the Bonds will be made in book-entry form in denominations of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of Bonds maturing in any year.

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

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

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

Timothy R. McGill

Board of Education of the
Tupper Lake Central School District
June 18, 2026

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

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

Very truly yours,

Timothy R. McGill, Esq.

TRM:

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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

- (i) to the Electronic Municipal Market Access ("EMMA") systems of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross referenced in the final Official Statement dated May 13, 2026 of the School District relating to the Bonds by December 31 following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2022, and (ii) a copy of the audited financial statements if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2025; such audit, if any, will be so provided on or prior to the later of either December 31 of each such succeeding fiscal year or, if an audited financial statement at that time, within sixty days following receipt by the School District of its audited financial statement for the preceding fiscal year, but in any event not later than June 30 of each succeeding fiscal year; and provided further in the event that the audited financial statement for any fiscal year is not available by December 31 following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon the determination by the School District of whether such provision is compliant with the requires of federal Securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a) (2) of Securities Act of 1933
- (ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults, if material
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties
 - (e) substitution of credit or liquidity providers, or their failure to perform
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bond, or other material events affecting the tax status of the Bond
 - (g) modifications to rights of Bondholders, if material
 - (h) Bond calls, if material and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the bond

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the School District

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

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

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

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

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

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

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

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