

PRELIMINARY OFFICIAL STATEMENT DATED MAY 28, 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 be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

**PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK**

**\$8,158,000
SCHOOL DISTRICT SERIAL BONDS, 2026
(the "Bonds")**

Dated Date: June 17, 2026

Maturity Dates: June 15, 2027-2041

MATURITIES***

| Year | Amount* | Year | Amount* | Year | Amount* |
|-------------|----------------|-------------|----------------|-------------|----------------|
| 2027 | \$468,000 | 2032 | \$455,000 | 2037 | \$600,000 ** |
| 2028 | 480,000 | 2033 | 480,000 | 2038 | 630,000 ** |
| 2029 | 510,000 | 2034 | 500,000 | 2039 | 665,000 ** |
| 2030 | 415,000 | 2035 | 525,000 ** | 2040 | 695,000 ** |
| 2031 | 435,000 | 2036 | 570,000 ** | 2041 | 730,000 ** |

*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.

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

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

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 each or integral multiples thereof except for an odd denomination in 2028. 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 \$8,158,000 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 Parishville-Hopkinton Central School District St. Lawrence County, New York, in the amount of \$81,580.

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 17, 2026.

Electronic or Facsimile bids will be received THURSDAY, June 4, 2026 until 11:00 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 28, 2026

**PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK**

School District Officials

2025-26 BOARD OF EDUCATION

Timothy Zellweger - President
Matthew Wending - Vice President

Cassie Hayes
Heather Liebfred
Bonnie Marston
Jared Remington
Christina Snell
Jeffrey Yette
VACANT

.....

Steven Coffin – Superintendent of Schools
Colleen Ayers – Business Manager
Stefanie Latimer – School District Treasurer/School District Clerk

.....

School District Attorney

Linden Law Firm

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
PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK

Relating To
\$8,158,000
SCHOOL DISTRICT SERIAL BONDS, 2026
(the “Bonds”)

This Official Statement, which includes the cover page, has been prepared by the Parishville-Hopkinton Central School District, St. Lawrence County, New York (the “District” or “School District”, “County” and “State,” respectively) in connection with the sale by the District of its \$8,158,000 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 17 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 except for one odd denomination in 2008. 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 17, 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 Bonds are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, the Local Finance Law, and pursuant to a Bond Resolution dated January 29, 2024 authorizing the issuance of up to \$8,158,000 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 \$5,800,000 will be used to redeem and retire an outstanding bond anticipation note in the amount of \$5,800,000 of the District that was issued on June 26, 2025. The remaining \$2,358,000 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 except for an odd denomination in 2028. 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 Parishville-Hopkinton Central School District encompasses an area of approximately 180 square miles. The character of the District is primarily rural with the majority of homes being single family. The District is situated in the northwest corner of New York State in the northeastern sector of St. Lawrence County. The City of Potsdam is located 12 miles to the west of the District. The District is located 30 miles south of the United States/Canadian border.

Major roadways of the District include NYS Routes #11, #11B, and #72, all of which essentially transect the District in a north/south direction. Population clusters and commercial development activity are concentrated along these transportation corridors. Also, these highways provide easy access to the Potsdam area for many District residents who commute to employment in the City.

District Population

The population of the School District is estimated to be 2,807. (Source: 2024 U.S. Census Bureau estimate).

Economic Developments

Dollar General opened in Hopkinton, New York.

The Rich Road Solar and Storage Project is a proposed 240 megawatt alternating current photovoltaic solar facility which may include approximately 20 MW of energy storage capacity located in the Town of Canton, St. Lawrence County, New York. Construction is to begin in 2025 with operations beginning in 2026.

In addition, Governor Hochul announced that Bare Hill Correctional Facility in Malone would be closing. Due to the shortage of staffing at the prisons it is anticipated that there will not be any layoffs and the other two prisons in Malone will be able to absorb the staff from the prison that is closing.

Selected Wealth and Income Indicators

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

| | <u>Per Capita Income</u> | | | <u>Median Family Income</u> | | |
|--------------|--------------------------|------------------|------------------|-----------------------------|------------------|------------------|
| | <u>2006-2010</u> | <u>2016-2020</u> | <u>2020-2024</u> | <u>2006-2010</u> | <u>2016-2020</u> | <u>2020-2024</u> |
| Towns Of: | | | | | | |
| Hopkinton | \$19,601 | \$30,585 | \$33,373 | \$42,639 | \$61,094 | \$63,068 |
| Parishville | 22,400 | 32,226 | 39,001 | 45,625 | 69,922 | 106,477 |
| Potsdam | 16,384 | 24,270 | 27,485 | 55,072 | 89,830 | 76,767 |
| Stockholm | 19,931 | 27,831 | 38,097 | 45,682 | 66,087 | 107,396 |
| County Of: | | | | | | |
| 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> |
|---|---------------|-------------------|---------------------------------|--|
| Parishville-Hopkinton School District Main Building | UPK-12 | 1934 | 608 | 2025 |

Source: District Official

District Employees

The School District employs 74 full-time employees and 6 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> |
|---|------------------|------------------------|
| Parishville-Hopkinton Teachers' Association | 44 | 6/30/2026* |
| Support-Related Professional Association | 29 | 6/30/2028 |
| Non-Bargaining Unit Contracts | 7 | Various |

*Under negotiations.

Source: District Officials

Historical and Projected Enrollment

| <u>Fiscal Year</u> | <u>Actual</u> | <u>Fiscal Year</u> | <u>Projected</u> |
|--------------------|---------------|--------------------|------------------|
| 2021-22 | 347 | 2026-27 | 325 |
| 2022-23 | 334 | 2027-28 | 325 |
| 2023-24 | 348 | 2028-29 | 325 |
| 2024-25 | 341 | 2029-30 | 325 |
| 2025-26 | 329 | 2030-31 | 325 |

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 and 2026-27 fiscal years are as follows:

| <u>Fiscal Year</u> | <u>ERS</u> | <u>TRS</u> |
|----------------------|------------|------------|
| 2020-2021 | \$133,973 | \$279,972 |
| 2021-2022 | 136,254 | 289,972 |
| 2022-2023 | 101,962 | 330,139 |
| 2023-2024 | 118,974 | 350,943 |
| 2024-2025 | 147,503 | 353,701 |
| 2025-2026 (Budgeted) | 163,438 | 390,000 |
| 2026-2027 (Budgeted) | 250,000 | 350,000 |

Source: Audited financial statements for the 2020-2021 fiscal year through the 2024-2025 fiscal year and the adopted budgets of the District for the 2025-2026 and 2026-2027 fiscal years. This table is not audited.

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

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

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

| <u>Fiscal Year</u> | <u>ERS</u> | <u>TRS</u> |
|--------------------|------------|------------|
| 2021-2022 | 16.2% | 9.80% |
| 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. The District established a TRS Reserve in June 2019.

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 \$35,707,987, the net change for the year was (\$1,222,364) resulting in a total OPEB liability of \$34,485,623 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> |
|---|---------------------------------|--------------------------------------|
| NuMed | Medical Manufacturer | 89 |
| Parishville-Hopkinton Central School District | Public Education | 80 |
| Town of Hopkinton | Municipality | 20 |
| Town of Parishville | Municipality | 19 |
| Kunoco Food Mart - Parishville Location | Gas Station & Convenience Store | 9 |
| Dollar General | Retail Store | 8 |
| Parkway Express - Hopkinton | Gas Station & Convenience Store | 7 |
| Upstone Materials Inc. | Concrete Products Manufacturer | 5 |

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest areas for which such statistics are available (which includes the District) is St. Lawrence 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 District is necessarily representative of the County or vice versa.

| <u>Year</u> | <u>St. Lawrence County Unemployment Rate</u> | <u>New York State Unemployment Rate</u> | <u>U.S. Unemployment Rate</u> |
|-------------|--|---|-------------------------------|
| 2021 | 5.1% | 6.9% | 5.3% |
| 2022 | 4.1% | 4.3% | 3.6% |
| 2023 | 4.4% | 4.2% | 3.7% |
| 2024 | 4.6% | 4.3% | 4.0% |
| 2025 | 4.6% | 4.3% | 4.3% |

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

| | <u>2025-2026 Monthly Figures</u> | | | | | | | | | | | |
|---------------------|---|------|------|------|------|------|-----|------|------|------|------|------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar |
| St. Lawrence County | 4.1% | 3.9% | 4.2% | 5.0% | 5.1% | 4.3% | 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% | 5.7% | 5.2% | 4.4% |

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

N/A Information 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.

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

Form of School Government

The Board of Education is the policy-making body of the School District and consists of nine members with overlapping three-year terms so that as nearly as possible an equal number is elected to the Board each year. Each Board member must be a qualified voter of the School District. The President and the Vice President are selected by the Board members.

The administrative officers of the School District implement the policies of the Board of Education and supervise the operation of the school system.

Budgetary Procedures

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

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

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

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

The budget for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024 by 173 to 50. 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 168 to 53. 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 158 to 34. The School district's 2025-26 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2025-26 fiscal year, approximately 59.89% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner;

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

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

Federal Aid Received by the State –

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

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

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

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

State Aid History

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

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

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

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

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

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

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

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

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

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

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

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

- FY 2025: Funding the full amount of Foundation Aid for all school districts.
- FY 2026: 2% minimum increase in Foundation Aid to all school districts. The State’s 2025-26 Enacted Budget makes a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth school districts.

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

| Fiscal Year | Total Revenues | Total State Aid | Percentage of Total Revenues Consisting of State Aid |
|-------------------------|----------------|-----------------|--|
| 2020-2021 | \$ 11,030,625 | \$ 6,482,353 | 58.77% |
| 2021-2022 | 11,223,552 | 6,752,043 | 60.16 |
| 2022-2023 | 11,921,240 | 7,095,627 | 59.52 |
| 2023-2024 | 12,249,542 | 7,197,482 | 58.76 |
| 2024-2025 | 12,281,913 | 7,202,106 | 58.64 |
| 2025-2026 (Budgeted) | 12,185,262 | 7,298,125 | 59.89 |
| 2026-2027 (Budgeted) | 13,389,311 | 8,112,291 | 60.59 |

Source: Audited financial statements for the 2020-2021 fiscal year through the 2024-2025 fiscal year and the adopted budgets of the District for the 2025-2026 and 2026-2027 fiscal years. This table is not audited.

Fiscal Stress Monitoring

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

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

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

| <u>Fiscal Year Ending In</u> | <u>Stress Designation</u> | <u>Fiscal Score</u> |
|------------------------------|---------------------------|---------------------|
| 2025 | No Designation | 0.0 |
| 2024 | No Designation | 0.0 |
| 2023 | No Designation | 0.0 |
| 2022 | No Designation | 0.0 |
| 2021 | No Designation | 0.0 |

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

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 District on March 16, 2023. The purpose of the audit was to determine whether District officials appropriately tracked, inventoried and safeguarded information technology (IT) assets acquired or in use during the audit period July 1, 2019- through March 31, 2022. They then expanded the audit period through June 14, 2022 to observe inventory at the District.

Key Findings

District officials did not appropriately track or inventory IT assets, maintain complete IT inventory records or establish adequate controls to safeguard IT assets. As a result, officials cannot assure taxpayers that money invested in IT assets has been appropriately spent or safeguarded.

The State Comptroller's office selected 53 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. It was found that 38 percent of the sampled assets were not properly accounted for. Specifically:

- One Chromebook with a cost of \$263 could not be located and was not inventoried.
- Six additional Chromebooks with estimated total costs of \$1,580 could not be located.
- Seventeen assets (16 Chromebooks and one 3D printer) with a total estimated costs of approximately \$14,278 were not inventoried.

In addition, annual inventories were not conducted and officials did not adopt comprehensive written procedures for IT equipment inventory.

Key Recommendations

- Ensure District inventory records are complete and include the detail necessary to adequately track and locate IT assets.
- Perform annual and complete inventories.

District officials have initiated or indicated they planned to initiate corrective action.

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

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 are 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: | | | | | |
| Hopkinton | \$ 91,008,242 | \$ 91,647,735 | \$ 92,133,704 | \$ 91,977,369 | \$ 91,866,856 |
| Parishville | 9,636,202 | 9,738,313 | 9,771,995 | 9,820,061 | 9,807,886 |
| Potsdam | 2,453,619 | 2,450,354 | 2,450,621 | 2,449,528 | 4,159,179* |
| Stockholm | <u>6,055,791</u> | <u>6,136,218</u> | <u>6,498,864</u> | <u>6,597,747</u> | <u>10,306,478*</u> |
| Total | <u>\$ 109,153,854</u> | <u>\$ 109,972,620</u> | <u>\$ 110,855,184</u> | <u>\$ 110,844,705</u> | <u>\$ 116,140,399</u> |

Equalization Rates:

| | | | | | |
|-------------|--------|--------|--------|--------|---------|
| Hopkinton | 94.00% | 93.00% | 85.00% | 70.00% | 67.00% |
| Parishville | 6.09% | 5.60% | 5.30% | 5.10% | 4.85% |
| Potsdam | 90.00% | 84.00% | 74.00% | 69.00% | 100.00% |
| Stockholm | 83.00% | 76.00% | 72.00% | 67.00% | 95.00% |

Full Valuations:

| | | | | | |
|-------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Hopkinton | \$ 96,817,279 | \$ 98,545,952 | \$ 108,392,593 | \$ 131,396,241 | \$ 137,114,710 |
| Parishville | 158,229,918 | 173,898,446 | 184,377,264 | 192,550,216 | 202,224,454 |
| Potsdam | 2,726,243 | 2,917,088 | 3,311,650 | 3,550,041 | 4,159,179 |
| Stockholm | <u>7,296,134</u> | <u>8,073,971</u> | <u>9,026,200</u> | <u>9,847,384</u> | <u>10,848,924</u> |
| Total | <u>\$ 265,069,574</u> | <u>\$ 283,435,457</u> | <u>\$ 305,107,707</u> | <u>\$ 337,343,881</u> | <u>\$ 354,347,267</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.

* Based on townwide reevaluation in 2025

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> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| Hopkinton | \$ 16.70 | \$ 16.25 | \$ 17.11 | \$ 19.20 | \$ 19.84 |
| Parishville | 257.88 | 269.91 | 274.53 | 263.59 | 274.18 |
| Potsdam | 17.45 | 17.99 | 19.65 | 19.47 | 13.29 |
| Stockholm | 18.92 | 19.88 | 20.20 | 20.05 | 13.99 |

Tax Collection Procedure

The School tax bills are sent out at the end of August. The School taxes are due by September 30 with no penalty imposed. There is a 2% penalty added to payments during October, with an additional 1% added in November. The School District also offers an installment plan for the payment of taxes in September, October and November with a surcharge added in September.

The School District is reimbursed by the County for all unpaid taxes. Unpaid installments are reimbursed to the School District in December. The balance is reimbursed in April of each year and thus, the School District is assured of 100% collection 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> | |
|----------------------|-------------|-------------|-------------|-------------|--------------|-----|
| General Fund | | | | | | |
| Tax Levy | \$4,161,858 | \$4,282,178 | \$4,437,368 | \$4,532,831 | \$4,709,837 | |
| Omissions/Loss of | | | | | | |
| Exemptions - | | | | | | |
| Prior Years | 0 | 0 | 0 | 236 | 0 | |
| Total Levy for | | | | | | |
| All Purposes | \$4,161,858 | \$4,282,178 | \$4,437,368 | \$4,533,067 | \$4,709,837 | |
| Excess/(Deficit) on | | | | | | |
| Tax Rolls | 0 | -74 | 0 | 0 | -99 | ** |
| Taxes Cancelled | | | | | | |
| Net Taxes on Roll | \$4,161,858 | \$4,282,104 | \$4,437,368 | \$4,533,067 | \$4,709,738 | |
| STAR Program | 376,026 | 359,942 | 343,620 | 331,886 | 328,196 | |
| Net Taxes After | | | | | | |
| STAR Program | \$3,785,832 | \$3,922,162 | \$4,093,748 | \$4,201,181 | \$4,381,542 | |
| Taxes Collected | | | | | | |
| Prior to Return | 3,507,313 | 3,606,594 | 3,763,697 | 3,848,030 | 3,993,578 | |
| Uncollected Date | | | | | | |
| of Return | \$278,519 | \$315,569 | \$330,051 | 353,151 | 387,964 | *** |
| Percentage Collected | | | | | | |
| Prior to Return | 92.64% | 91.95% | 91.94% | 91.59% | 91.15% | |

Note: *Collection figures are as of 11/17/2025

**Taxpayer billed in error. Property belongs to NYS. Thus the \$99 will not be collected.

***Had a \$30,000 tax collection check returned for NSF that was not collected on in September 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 | \$ 11,030,625 | \$ 3,703,080 | 33.57% |
| 2021-2022 | 11,223,552 | 3,788,973 | 33.76 |
| 2022-2023 | 11,921,240 | 3,919,785 | 32.88 |
| 2023-2024 | 12,249,542 | 4,108,684 | 33.54 |
| 2024-2025 | 12,281,913 | 4,217,814 | 34.34 |
| 2025-2026 (Budgeted) | 12,185,262 | 4,384,837 | 35.98 |
| 2026-2027 (Budgeted) | 13,389,311 | 4,821,762 | 36.01 |

Source: Audited financial statements for the 2020-2021 fiscal year through 2024-2025 fiscal year and the adopted budgets of the District for the 2025-2026 and 2026-2027 fiscal years. This table is not audited.

Major Taxpayers 2025

For 2025-26 Tax Roll

| <u>Name</u> | <u>Type</u> | <u>Full Value</u> |
|--------------------------------------|--------------|---------------------|
| National Grid | Utility | \$9,609,805 |
| WoodWise Forestland, LLC | Forest | 8,186,866 |
| State of New York | Forest | 6,750,631 |
| NYS Ref Adirondack Park | Forest | 6,745,326 |
| Erie Boulevard Hydropower, L.P. | Utility | 4,282,096 |
| MWF Adirondacks, LLC | Forest | 3,856,190 |
| Kildare Club | Private Club | 3,687,164 |
| NYS Reforestation | Forest | 3,176,542 |
| Richard Eakins | Farming | 3,097,015 |
| Adon Farms Real Estate Holdings, LLC | Farming | 207,206 |
| Total | | \$49,598,841 |

- The above taxpayers represent 13.99% of the School District's 2025-26 Full value of \$354,347,267.

As of the date of this Continuing Disclosure Statement, the District currently has two certioraris but are uncertain at this time what the outcome will be. The District currently has \$240,000 in a reserve for this.

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 | \$3,015,000 | \$2,655,000 | \$2,235,000 | \$1,820,000 | \$1,500,000 |
| Bond Anticipation Notes | 0 | 0 | 0 | 0 | 5,800,000 |
| Capital Lease Obligations | 950,336 | 894,260 | 836,570 | 777,219 | 716,158 |
| Total Debt Outstanding | \$3,965,336 | \$3,549,260 | \$3,071,570 | \$2,597,219 | \$8,016,158 |

Status of Outstanding Bond Issues

| | | |
|-----------------------------|---------------------------|------------------|
| Year of Issue: | 2014 | |
| Amount Issued: | \$399,142 | |
| Purpose/Instrument: | Construction/Serial Bonds | |
| Fiscal Year Ending June 30: | <u>Principal</u> | <u>Interest</u> |
| 2026 | \$ 35,000 | \$ 4,712 |
| 2027 | 30,000 | 3,490 |
| 2028 | 30,000 | 2,443 |
| 2029 | 25,000 | 1,396 |
| 2030 | <u>15,000</u> | <u>524</u> |
| Totals: | \$ 135,000 | \$ 12,565 |

| | | | | |
|--------------------------------|---------------------------|-----------------|--------------------|-----------------|
| Year of Issue: | 2020 | | 2021 | |
| Amount Issued: | \$2,150,000 | | \$107,182 | |
| Purpose/Instrument: | Construction/Serial Bonds | | Buses/Serial Bonds | |
| Fiscal Year Ending June 30: | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2026 | \$ 170,000 | \$ 27,000 | \$ 15,000 | \$ 413 |
| 2027 | 120,000 | 23,600 | - | - |
| 2028 | 125,000 | 21,200 | - | - |
| 2029 | 125,000 | 18,700 | - | - |
| 2030 | 125,000 | 16,200 | - | - |
| 2031 | 130,000 | 13,700 | - | - |
| 2032 | 135,000 | 11,100 | - | - |
| 2033 | 135,000 | 8,400 | - | - |
| 2034 | 140,000 | 5,700 | - | - |
| 2035 | <u>145,000</u> | <u>2,900</u> | <u>-</u> | <u>-</u> |
| Total: | \$ 1,350,000 | \$ 148,500 | \$ 15,000 | \$ 413 |

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 | \$ 220,000 | \$ 32,125 | \$ 252,125 | 15.17% |
| 2027 | 150,000 | 27,090 | 177,090 | 25.83% |
| 2028 | 155,000 | 23,643 | 178,643 | 36.59% |
| 2029 | 150,000 | 20,096 | 170,096 | 46.82% |
| 2030 | 140,000 | 16,724 | 156,724 | 56.26% |
| 2031 | 130,000 | 13,700 | 143,700 | 64.90% |
| 2032 | 135,000 | 11,100 | 146,100 | 73.70% |
| 2033 | 135,000 | 8,400 | 143,400 | 82.33% |
| 2034 | 140,000 | 5,700 | 145,700 | 91.10% |
| 2035 | <u>145,000</u> | <u>2,900</u> | <u>147,900</u> | 100.00% |
| Totals: | \$ 1,500,000 | \$ 161,478 | \$ 1,661,478 | |

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 | \$ 220,000 | \$ - | \$ 220,000 | \$ 9,438,000 |
| 2027 | 150,000 | 465,000 | 615,000 | 8,823,000 |
| 2028 | 155,000 | 483,000 | 638,000 | 8,185,000 |
| 2029 | 150,000 | 510,000 | 660,000 | 7,525,000 |
| 2030 | 140,000 | 415,000 | 555,000 | 6,970,000 |
| 2031 | 130,000 | 435,000 | 565,000 | 6,405,000 |
| 2032 | 135,000 | 455,000 | 590,000 | 5,815,000 |
| 2033 | 135,000 | 480,000 | 615,000 | 5,200,000 |
| 2034 | 140,000 | 500,000 | 640,000 | 4,560,000 |
| 2035 | 145,000 | 525,000 | 670,000 | 3,890,000 |
| 2036 | - | 570,000 | 570,000 | 3,320,000 |
| 2037 | - | 600,000 | 600,000 | 2,720,000 |
| 2038 | - | 630,000 | 630,000 | 2,090,000 |
| 2039 | - | 665,000 | 665,000 | 1,425,000 |
| 2040 | - | 695,000 | 695,000 | 730,000 |
| 2041 | - | 730,000 | 730,000 | - |
| Totals: | \$ 1,500,000 | \$ 8,158,000 | \$ 9,658,000 | |

Capital Lease Obligations

The District has entered into an Energy Performance Contract to complete necessary energy upgrades in the District buildings. The total principal amount of the lease was \$1,004,842. The lease was issued on July 30, 2019 at a rate of 2.859% and payments are due June 15 and December 15. The District anticipates receiving approximately 70% of the cost in State Aid with the remaining amount being paid by the energy cost savings. The remaining payments under this agreement are as follows:

| <u>Year Ending June 30th</u> | <u>Principal Due 12/15</u> | <u>Principal Due 6/15</u> | <u>Interest Due 12/15</u> | <u>Interest Due 6/15</u> | <u>Total</u> |
|----------------------------------|--------------------------------|-------------------------------|-------------------------------|------------------------------|--------------|
| 2026 | \$31,186 | \$31,632 | \$10,237 | \$9,792 | \$82,848 |
| 2027 | 32,084 | 32,543 | 9,339 | 8,881 | 82,848 |
| 2028 | 33,008 | 33,480 | 8,416 | 7,944 | 82,848 |
| 2029 | 33,959 | 34,444 | 7,465 | 6,980 | 82,848 |
| 2030 | 34,936 | 35,436 | 6,487 | 5,988 | 82,848 |
| 2031 | 35,942 | 36,456 | 5,481 | 4,968 | 82,848 |
| 2032 | 36,977 | 37,506 | 4,446 | 3,918 | 82,848 |
| 2033 | 38,042 | 38,586 | 3,382 | 2,838 | 82,848 |
| 2034 | 39,138 | 39,697 | 2,286 | 1,727 | 82,848 |
| 2035 | 40,264 | 40,840 | 1,159 | 584 | 82,848 |
| Total: | \$355,538 | \$360,620 | \$58,701 | \$53,618 | \$828,477 |

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 | 3.75% | \$5,800,000* |

*To be paid with a portion of the proceeds of this issue.

Cash Flow Borrowings

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

Capital Project Plans

On November 14, 2017, the District voters approved a \$2,675,500 Capital Project consisting of reconstruction of existing school buildings and facilities and site improvements. The project received approval April 18, 2019. Contracts were awarded August 19, 2019. Construction began November 2019 and estimated to be complete by Fall of 2020. The District issued a \$2,150,000 Serial Bond June 25, 2020.

On December 12, 2023, the District voters approved (71 yes to 21 no) a \$9,200,000 capital project consisting of construction and reconstruction of existing school buildings and facilities. The District will be using \$1,042,000 from an existing capital reserve fund and the remaining \$8,158,000 will be covered by serial bonds. The Capital Project has now been approved by SED and anticipate going out for bids in January 2025. The District issued a \$5,800,000 Bond Anticipation Note on June 26, 2025. A portion of the proceeds of the Bonds in the amount of \$5,800,000 will be used to redeem and retire the bond anticipation note. The remaining \$2,358,000 will provide new money.

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 82.2%

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 21, 2026

| <u>Town</u> | <u>Taxable Assessed Valuation</u> | <u>State Equalization</u> <u>Rate</u> | <u>Taxable Full Valuation</u> |
|--|-----------------------------------|--|-------------------------------|
| Hopkinton | \$ 91,866,856 | 67.00% | \$ 137,114,710 |
| Parishville | 9,807,886 | 4.85% | 202,224,454 |
| Potsdam | 4,159,179 | 100.00% | 4,159,179 |
| Stockholm | 10,306,478 | 95.00% | 10,848,924 |
| | | | <u>\$ 354,347,267</u> |
| Debt Limit: 10% of Full Valuation | | | \$ 35,434,727 |
| Inclusions: | | | |
| Serial Bonds | | | \$ 1,500,000 |
| Energy Performance Contract | | | 716,158 |
| Bond Anticipation Notes | | | 5,800,000 |
| Total Inclusions: | | | <u>\$ 8,016,158</u> |
| Exclusions: | | | |
| Building Aid Estimate ¹ | | | <u>\$0</u> |
| Total Exclusions: | | | <u>\$0</u> |
| Total Net Indebtedness Before Giving Effect to This Issue: | | | \$ 8,016,158 |
| New Monies This Issue: | | | <u>2,358,000</u> |
| Total Net Indebtedness After Giving Effect to This Issue: | | | <u>\$ 10,374,158</u> |
| Net Debt Contracting Margin | | | \$ 25,060,568 |
| Percentage of Debt-Contracting Power Exhausted | | | 29.28% |

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> |
|-------------------------|-----------------------------------|----------------|---------------------------|--------------|-------------------|-------------------------|--|
| St. Lawrence County | \$ 354,347,267 | | | | | | |
| | \$ 7,557,767,463 | 4.69% | \$ 21,295,000 | | N/A | \$ 21,295,000 | \$ 998,420 |
| Town of Hopkinton | \$ 137,114,710 | | | | | | |
| | \$ 143,933,322 | 95.26% | \$ 234,898 | | N/A | \$ 234,898 | \$ 223,770.08 |
| Town of Parishville | \$ 202,224,454 | | | | | | |
| | \$ 202,224,454 | 100.00% | \$ 934,000 | | N/A | \$ 934,000 | \$ 934,000 |
| Town of Potsdam | \$ 4,159,179 | | | | | | |
| | \$ 791,641,677 | 0.53% | \$ 2,674,636 | | N/A | \$ 2,674,636 | \$ 14,052 |
| Town of Stockholm | \$ 10,848,924 | | | | | - | |
| | \$ 211,328,024 | 5.13% | \$ 521,400 | | N/A | \$ 521,400 | \$ <u>26,767</u> |
| Total | | | | | | | <u>\$ 2,197,009</u> |

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

Notes: Bonds and Bond Anticipation notes as of 2024 fiscal year. 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 21, 2026:

| | Amount | Per Capita ^(a) | Percentage of Full Value ^(b) |
|--|---------------|---------------------------|---|
| Net Indebtedness | \$ 10,374,158 | \$ 3,695.82 | 2.928% |
| Net Indebtedness Plus Net Overlapping Indebtedness | \$ 12,571,168 | \$ 4,478.51 | 3.548% |

(a) The District's estimated population is 2,807. (Source: 2024 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2025-26 is \$354,347,267

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization or any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

Cyber Security

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

TAX EXEMPTION

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

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

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

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

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

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

LEGAL MATTERS

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

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

LITIGATION

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

There are two potential suits from students that were involved in a bus accident. There is currently no update at this time on these potential suits.

There is pending litigation from a former employee. The District is past the statute of limitations with moving forward with this suit. However, the former employee may still file a claim with the Division of Human Rights until July 2028.

RATINGS

The District has requested a rating from S&P for the Bonds.

The most recent underlying rating assigned to the District by S&P is an A rating, which was assigned in connection with the issuance by the District of \$2,150,000 School District (Serial) Bonds dated June 25, 2020.

A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such

rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the District's outstanding serial bonds may have an adverse effect on the market price of the bonds.

CONTINUING DISCLOSURE COMPLIANCE

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

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

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

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

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

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: Colleen Ayers, Business Manager, phone: (315) 265-4642 x24417; email: colleen.ayers@sllbooces.org.

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

Parishville-Hopkinton Central School District

Dated: May 28, 2026
Parishville, New York

Timothy Zellweger
President of the Board of Education
and Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

| Fiscal Year Ending June 30: | Budget | | | | | |
|---|---------------|----------------|----------------|----------------|------------------|----------------------------|
| | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
| Beginning Fund Balance - July 1 | \$3,629,679 | \$4,105,791 | \$4,216,670 | \$4,807,238 | \$5,444,010 | \$5,130,531 ^E |
| <u>Revenues:</u> | | | | | | |
| Real Property Taxes | \$3,703,080 | \$3,788,973 | \$3,919,785 | \$4,108,684 | \$4,217,814 | \$4,709,837 |
| Other Tax Items | 388,324 | 377,318 | 361,255 | 344,939 | 333,171 | 7,300 |
| Charges for Services | 82,093 | 41,800 | 32,157 | 61 | 73,235 | 0 |
| Use of Money & Property | 2,620 | 13,367 | 158,584 | 239,425 | 216,527 | 80,000 |
| Sale of Property/Comp. for Loss | 0 | 0 | 0 | 0 | 0 | 0 |
| Miscellaneous | 208,614 | 220,051 | 282,541 | 348,951 | 239,060 | 90,000 |
| State Aid | 6,482,353 | 6,752,043 | 7,095,627 | 7,197,482 | 7,202,106 | 7,298,125 |
| Federal Aid | 128,541 | 0 | 41,291 | 0 | 0 | 0 |
| Interfund Transfer | <u>35,000</u> | <u>30,000</u> | <u>30,000</u> | <u>10,000</u> | <u>0</u> | <u>0</u> |
| Total Revenues | \$11,030,625 | \$11,223,552 | \$11,921,240 | \$12,249,542 | \$12,281,913 | \$12,185,262 |
| <u>Expenditures:</u> | | | | | | |
| General Support | \$1,235,946 | \$1,364,859 | \$1,419,531 | \$1,405,363 | \$1,478,735 | \$1,754,213 |
| Instruction | 5,262,990 | 5,393,727 | 5,318,137 | 5,299,478 | 5,372,841 | 6,087,891 |
| Transportation | 585,827 | 647,070 | 839,795 | 907,647 | 955,033 | 1,171,729 |
| Community Services | 1,901 | 1,960 | 2,038 | 2,038 | 2,120 | 2,226 |
| Employee Benefits | 2,863,771 | 2,934,192 | 2,906,337 | 2,960,055 | 2,952,090 | 3,688,871 |
| Debt Service | 599,394 | 628,690 | 568,496 | 550,810 | 443,662 | 595,974 |
| Interfund Transfer | <u>4,684</u> | <u>142,175</u> | <u>276,338</u> | <u>487,379</u> | <u>1,380,614</u> | <u>285,000</u> |
| Total Expenditures | \$10,554,513 | \$11,112,673 | \$11,330,672 | \$11,612,770 | \$12,585,095 | \$13,585,904 |
| Adjustments | 0 | 0 | 0 | 0 | (\$10,297) | 0 |
| Year End Fund Balance | \$4,105,791 | \$4,216,670 | \$4,807,238 | \$5,444,010 | \$5,130,531 | \$3,729,889 ^E |
| Excess (Deficit) Revenues Over Expenditures | \$476,112 | \$110,879 | \$590,568 | \$636,772 | (\$303,182) | (\$1,400,642) ¹ |

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

Note: 1. Appropriated Fund Balance & Reserves are planned to be used

E. Estimated

General Fund – Budget Summary

2026-27 Adopted Budget

Revenues:

| | |
|----------------------------|------------------|
| Real Property Taxes & STAR | \$ 4,821,762 |
| Other Tax Items | - |
| Charges for Services | - |
| Use of Money & Property | 46,000 |
| Sale of Property | - |
| Miscellaneous | 108,574 |
| State Aid | 8,112,291 |
| Federal Aid | - |
| Interfund Transfers | 300,684 |
| Reserves | - |
| Appropriated Fund Balance | <u>1,100,000</u> |
| Total Revenues | \$ 14,489,311 |

Expenditures:

| | |
|---------------------|----------------|
| General Support | \$ 1,862,743 |
| Instruction | 6,241,904 |
| Transportation | 1,186,276 |
| Community Service | 2,226 |
| Employee Benefits | 3,765,924 |
| Debt Service | 1,135,238 |
| Interfund Transfers | <u>295,000</u> |
| Total Expenditures | \$ 14,489,311 |

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

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 | \$1,142,832 | \$1,134,491 | \$1,123,994 | \$1,008,980 | \$1,561,994 |
| Restricted Cash | 2,239,196 | 2,292,475 | 2,724,327 | 3,572,045 | 3,094,169 |
| Taxes Receivable | 0 | 0 | 0 | 0 | 0 |
| Other Receivables | 10,838 | 24,864 | 12,001 | 2,830 | 668 |
| Due from Fiduciary Funds | 0 | 0 | 0 | 0 | 0 |
| State and Federal Aid Receivable | 263,453 | 128,941 | 116,299 | 115,042 | 142,962 |
| Due from Other Governments | 395,616 | 350,751 | 429,008 | 367,110 | 422,951 |
| Due From Other Funds | 444,897 | 711,789 | 859,938 | 830,145 | 417,183 |
| Prepaid Expenses | <u>9,506</u> | <u>9,601</u> | <u>9,601</u> | <u>9,601</u> | <u>9,333</u> |
| Total Assets | <u>\$4,506,338</u> | <u>\$4,652,912</u> | <u>\$5,275,168</u> | <u>\$5,905,753</u> | <u>\$5,649,260</u> |
| Liabilities: | | | | | |
| Accounts Payable | \$12,049 | \$22,940 | \$28,691 | \$722 | \$24,463 |
| Accrued Liabilities | 11,956 | 15,727 | 19,816 | 16,411 | 43,149 |
| Due to Other Funds | 0 | 864 | 0 | 0 | 0 |
| Due to Other Governments | 0 | 0 | 0 | 0 | 0 |
| Due Retirement System | 358,508 | 396,711 | 419,423 | 444,610 | 451,117 |
| Compensated Absences | 18,034 | 0 | 0 | 0 | 0 |
| Unearned Revenues | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Liabilities: | <u>\$400,547</u> | <u>\$436,242</u> | <u>\$467,930</u> | <u>\$461,743</u> | <u>\$518,729</u> |
| Fund Balances: | | | | | |
| Nonspendable | \$9,506 | \$9,601 | \$9,601 | \$9,601 | \$9,333 |
| Restricted | 2,239,196 | 2,292,475 | 2,724,327 | 3,572,045 | 3,094,169 |
| Assigned | 1,002,786 | 1,002,691 | 1,013,231 | 1,019,688 | 1,020,795 |
| Encumbrances | 0 | 0 | 0 | 0 | 0 |
| Appropriated Fund Balance | 0 | 0 | 0 | 0 | 0 |
| Unassigned | | | | | |
| Unappropriated Fund Balance | <u>854,303</u> | <u>911,903</u> | <u>1,060,079</u> | <u>842,676</u> | <u>1,006,234</u> |
| Total Fund Balance | <u>\$4,105,791</u> | <u>\$4,216,670</u> | <u>\$4,807,238</u> | <u>\$5,444,010</u> | <u>\$5,130,531</u> |
| Total Liabilities and Fund Balance | <u>\$4,506,338</u> | <u>\$4,652,912</u> | <u>\$5,275,168</u> | <u>\$5,905,753</u> | <u>\$5,649,260</u> |

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.

PARISHVILLE-HOPKINTON
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2025

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PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

BOARD OF EDUCATION PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Parishville-Hopkinton Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Parishville-Hopkinton Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Parishville-Hopkinton Central School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Parishville-Hopkinton 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 the Parishville-Hopkinton Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parishville-Hopkinton Central School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Parishville-Hopkinton 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 (pages 5-23), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 87), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (page 88), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 89), and Schedule of District's Contributions – NYSLRS Pension Plan (page 90) 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

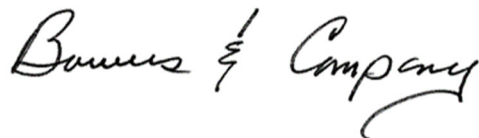
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Parishville-Hopkinton Central School District's basic financial statements.

The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 91-95) 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 Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 91-95) 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 14, 2025, on our consideration of the Parishville-Hopkinton Central School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Parishville-Hopkinton 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 Parishville-Hopkinton Central School District’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in black ink and is positioned to the right of the main text block.

Watertown, New York
October 14, 2025

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

INTRODUCTION

This section of Parishville-Hopkinton Central School District's annual financial report features a discussion and analysis of financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the financial statements, which immediately follow this section.

ORGANIZATIONAL PURPOSE

The District's purpose is to educate all students to high levels of academic performance while fostering positive growth in social/emotional behaviors and attitudes. This year the District continued to offer all programs without reducing services and made improvements to the existing instructional programs to increase the quality of education the students receive. The following financial highlights occurred while the District attempted to complete this mission.

- The District's General Fund equity decreased from \$5.4 million to \$5.1 million. While actual revenues (\$12.3 million) remained fairly consistent with budgeted revenues (\$12.0 million), increased expenses led to the decrease in equity. This is partly due to general support expenses increasing by \$73,000 from the prior year as well as \$43,000 increase in transportation costs and \$151,000 increase in special education expenses. In addition, costs that had been in the Special Aid fund and funded with grant monies previously have now shifted to the General Fund.
- The total local tax levy increased by \$97,362 (2.2%) in the 2024-25 school year.
- During the fiscal year 2024-2025 the District continued with a capital project and received a BAN to help fund the project along with utilizing capital reserves. The District also undertook a capital outlay project which reconstructed the guidance suite and upgraded flooring in the main entrance.
- Enrollment at June 2025 was approximately 342 students. This figure includes 15 Pre-K students, 9 special education students that are out of the building, and 318 Kindergarten through 12th grade regular education students. This is a net increase of 10 students from June 2024. In addition, there are 75 students in the District that are home schooled at fiscal year-end and 18 students that attend parochial schools.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **District-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the District’s overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
- ❑ **Governmental funds** statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year.


PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Table A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

| Table A-1 | Major Features of the District-Wide and Fund Financial Statement | | |
|---|--|---|---|
| | | Fund Financial Statements | |
|  | District-Wide | Governmental Funds | Fiduciary Funds |
| Scope | Entire District (except fiduciary funds) | The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance | Instances in which the School District acts as a trustee or an agent for resources that belong to others but does not have administrative control, such as property taxes collected on behalf of other governments or scholarships in a trust |
| Required Financial Statements | 1. Statement of Net Position 2. Statement of Activities | 3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balance | 5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic focus |
| Type of Asset / Liability Information | All assets and liabilities, both financial and capital, short-term and long-term | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of Inflow / Outflow Information | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | Additions and deductions during the year, regardless of when cash is received or paid |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

OVERVIEW OF FINANCIAL STATEMENTS – Continued

District-Wide Statements

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

The two District-wide statements report the District's net position and how it has changed. Net position, or the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

- ❑ Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

In the District-wide financial statements, the District's activities are shown as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds -- not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Fund Financial Statements – Continued

The District has the following listed funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information at the bottom of the government fund statements that explains the relationship (or differences) between them.

The term "fund balance" refers to the particular fund's equity (Assets + Deferred Outflows of Resources – Liabilities – Deferred Inflows of Resources) in a similar manner to the way the term "net position" is used in the District-wide financial statements presentation.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net Position

Net Position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$22,837,319 at the close of the most recent fiscal year (see Table A-2). This represents a \$245,475 decrease in the statement of net position for the year. The overall decrease is largely due to the District's other postemployment benefit ("OPEB") net changes.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE –

Continued

Net Position – Continued

The following schedule summarizes the District's Net Position. The complete Statement of Net Position can be found in the District's basic financial statements.

Table A-2: Condensed Statement of Net Position

| | Fiscal Year 2024 | Fiscal Year 2025 | Percent Change |
|---|-----------------------------|-----------------------------|---------------------------|
| Assets | | | |
| Current and Other Assets | \$ 5,816,020 | \$ 11,818,791 | 103.2% |
| Capital Assets, Net | 10,420,643 | 11,519,389 | 10.5% |
| Total Assets | \$ 16,236,663 | \$ 23,338,180 | 43.7% |
| Deferred Outflows of Resources | | | |
| Pensions | \$ 1,931,389 | \$ 1,618,212 | -16.2% |
| Other Postemployment Benefits | 7,200,188 | 4,663,110 | -35.2% |
| Total Deferred Outflows of Resources | \$ 9,131,577 | \$ 6,281,322 | -31.2% |
| Liabilities | | | |
| Other Liabilities | \$ 474,946 | \$ 6,599,974 | 1289.6% |
| Long-Term Liabilities | 39,452,671 | 37,800,684 | -4.2% |
| Total Liabilities | \$ 39,927,617 | \$ 44,400,658 | 11.2% |
| Deferred Inflows of Resources | | | |
| Pensions | \$ 457,722 | \$ 821,259 | 79.4% |
| Other Postemployment Benefits | 7,574,745 | 7,234,904 | -4.5% |
| Total Deferred Inflows of Resources | \$ 8,032,467 | \$ 8,056,163 | 0.3% |
| Net Position | | | |
| Net Investment in Capital Assets | \$ 7,796,076 | \$ 8,586,964 | 10.1% |
| Restricted | 3,777,116 | 3,309,763 | -12.4% |
| Unrestricted | (34,165,036) | (34,734,046) | 1.7% |
| Total Net Position | \$ (22,591,844) | \$ (22,837,319) | 1.1% |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE –

Continued

Net Position – Continued

The largest portion of the school district's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District used capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are 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.

In addition to assets, the *Statement of Net Position* reports 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. Included in deferred outflows of resources in the current year is \$1,618,212 related to the District's participation in the NYS TRS and ERS pension systems and \$4,663,110 related to the District's OPEB Plan.

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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is \$821,259 related to the District's participation in the NYS TRS and ERS pension systems, and \$7,234,904 related to the District's OPEB Plan.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE –
Continued**

Changes in Net Position

This Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid must support the net cost of the District's programs.

Table A-3 below summarizes the school district's revenue and expense activity.

Table A-3: Changes in Net Position – Condensed Statement of Activities

| | Fiscal Year 2024 | Fiscal Year 2025 | Percent Change |
|-------------------------------|-----------------------------|-----------------------------|---------------------------|
| Revenues | | | |
| Program Revenues | | | |
| Charges for Services | \$ 48,355 | \$ 111,077 | 129.7% |
| Operating Grants | 1,098,018 | 725,454 | -33.9% |
| General Revenues | | | |
| Property Taxes | 4,453,623 | 4,550,985 | 2.2% |
| State Sources | 7,197,482 | 7,202,106 | 0.1% |
| Other | 693,420 | 582,179 | -16.0% |
| Total Revenues | <u>\$ 13,490,898</u> | <u>\$ 13,171,801</u> | <u>-2.4%</u> |
| Expenses | | | |
| General Support | \$ 2,041,937 | \$ 2,004,514 | -1.8% |
| Instruction | 11,440,447 | 9,593,744 | -16.1% |
| Pupil Transportation | 1,381,745 | 1,306,844 | -5.4% |
| Debt Service | 73,412 | 65,303 | -11.0% |
| Community Service | 4,545 | 3,947 | -13.2% |
| School Food Service | 490,976 | 442,924 | -9.8% |
| Total Expenses | <u>\$ 15,433,062</u> | <u>\$ 13,417,276</u> | <u>-13.1%</u> |
| Change in Net Position | <u>\$ (1,942,164)</u> | <u>\$ (245,475)</u> | <u>-87.4%</u> |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE –
Continued**

Governmental Activities

The cost of all governmental activities this year was \$13,417,276.

Table A-4 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

Table A-4 - Net Cost of Governmental Activities

| | 2024 | 2025 |
|-----------------------------|----------------------|----------------------|
| General Support | \$ 2,041,937 | \$ 2,004,514 |
| Instruction | 10,590,222 | 9,036,297 |
| Pupil Transportation | 1,381,745 | 1,306,844 |
| Community Service | 4,545 | 3,947 |
| Debt Service | 73,412 | 65,303 |
| School Food Service Program | 194,828 | 163,840 |
| Total | <u>\$ 14,286,689</u> | <u>\$ 12,580,745</u> |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

REVENUES

The next several paragraphs explain the revenues in fiscal year 2024-2025 and addresses changes from fiscal year-end 2023-2024. Following these explanations are graphical representations of the statement of activities. First, a column chart which compares the revenues from year-end 2024 to 2025 and second, a pie chart illustrating the percentage of revenues to the total by category.

The District's total revenues were \$13,171,802, a decrease of \$319,097 or approximately 2.4%. Program revenues for operating grants decreased \$372,564 as a result of ARP grants closed out in 2023-24. State aid accounted for almost 55% of all revenues. The District is heavily dependent on property tax, state and federal aid for its funding.

Charges for Services showed an increase of approximately 129.7% due to an in foster care billing.

Tax levy revenue accounted for another 34.55% of total revenues, increasing 2.2% or \$97,362. This increase represents the amount needed to fund the increased budget approved by the voters. Of the revenue from the tax levy, property taxes accounted for 92.7% or \$4,217,814 and other tax items (STAR reimbursement and interest and penalties) accounted for 7.3% or \$333,171.

State revenues increased overall by .1% or \$4,624 in the 2024-2025 fiscal year compared to 2023-2024.

Other revenues decreased by \$111,241 or 16% over 2024-2025 fiscal year.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

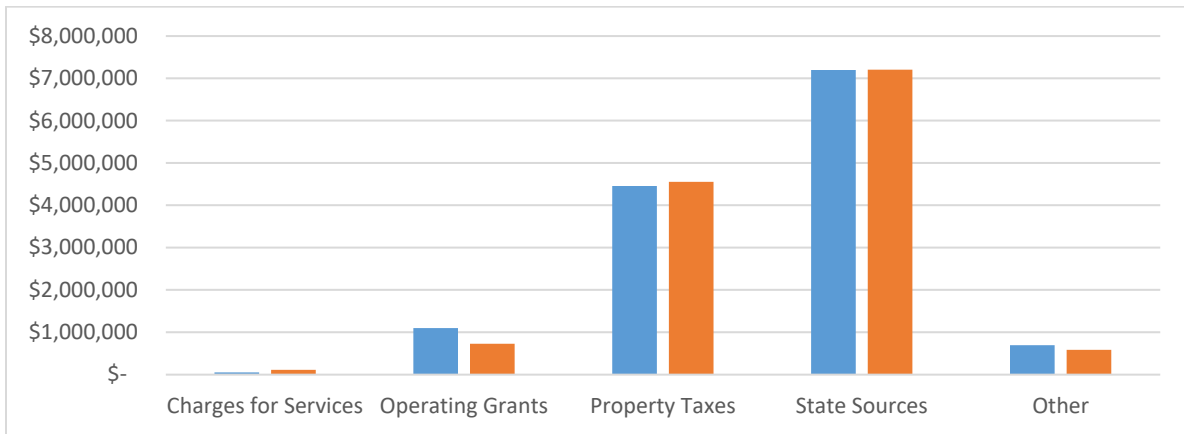
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

REVENUES – Continued

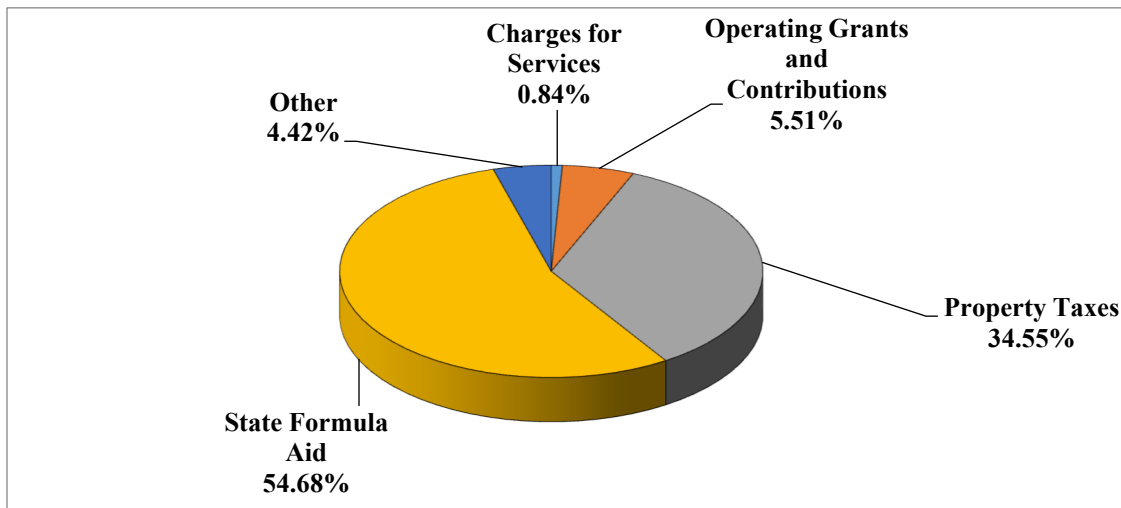
The following bar graph compares the revenues in 2024-2025 to 2023-2024. This chart indicates the total revenue in dollars by category for each fiscal year.

Table A-5: Revenues Comparison for Fiscal Year 2025 and 2024



The following pie chart summarizes the revenues for the fiscal year 2024-2025. The chart illustrates the percentage of revenues to the total by category.

Table A-6: Sources of Revenues for Fiscal Year 2025



PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

EXPENSES

The next several paragraphs explain the expenses in fiscal year 2024-2025 and addresses changes from fiscal year-end 2023-2024. Following these explanations are graphical representations of the statement of activities. First, a column chart which compares the expenses from year end June 30, 2024 to June 30, 2025, and second, a pie chart illustrating the percentage of expenses to the total by category.

The total cost of all programs and services was \$13,417,276. This is a decrease of \$2,015,786 from the 2023-2024 fiscal year.

General support, which includes administrative activities and plant services, accounted for 14.94% of total costs. General support expenses decreased 1.8% from the prior year or \$37,423.

Instruction: The District's expenses are predominately related to educating and caring for students, are 71.49% of total expenses. Instructional expenses decreased by 16.1% or \$1,846,703 from the previous year.

Pupil Transportation expenses account for 9.74% of total expenses. Transportation expenses decreased 5.4% or approximately \$74,901.

School Food Service Program, also known as the cafeteria fund, is included in the condensed statement of activities (Table A-3). The school food service program is designed to be self-supporting, with revenues expected to match expenses. School food service expenses decreased \$48,052. The general fund budget continues to subsidize the school food service fund with an inter-fund revenue transfer.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

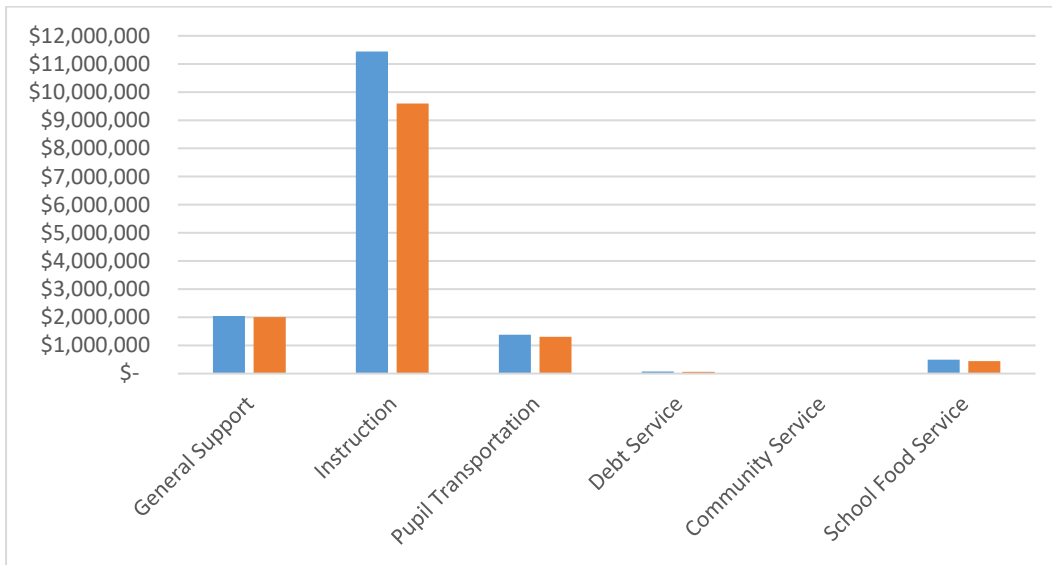
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

EXPENSES – Continued

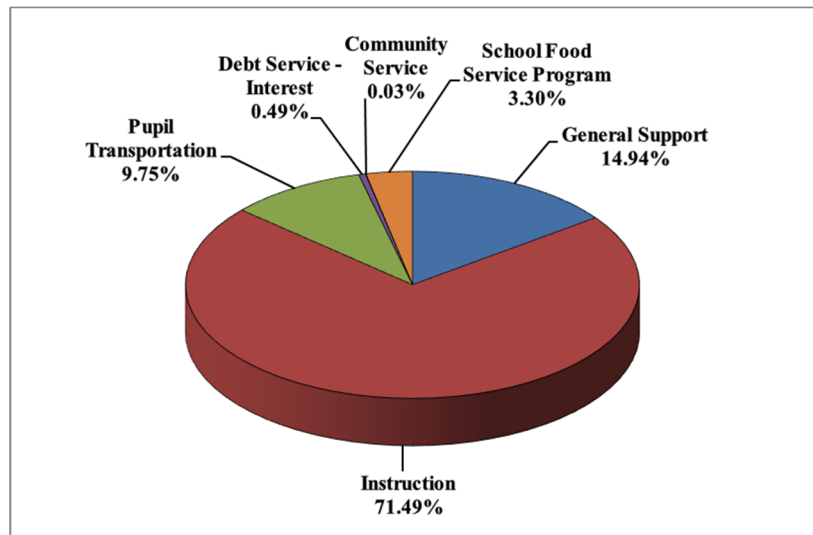
The following bar graph compares the expenses in 2024-2025 to 2023-2024. This chart indicates the total expense in dollars by category for each fiscal year:

Table A-7: Expenditures Comparison for Fiscal Year 2025 and 2024



The following pie chart summarizes the expenses for the fiscal year 2024-2025. This chart illustrates the percentage of expenses to the total by category.

Table A-8: Expenditures for Fiscal Year 2025



PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

BUDGETARY HIGHLIGHTS

Revenues

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The following summarizes the main components of the General Fund revenues:

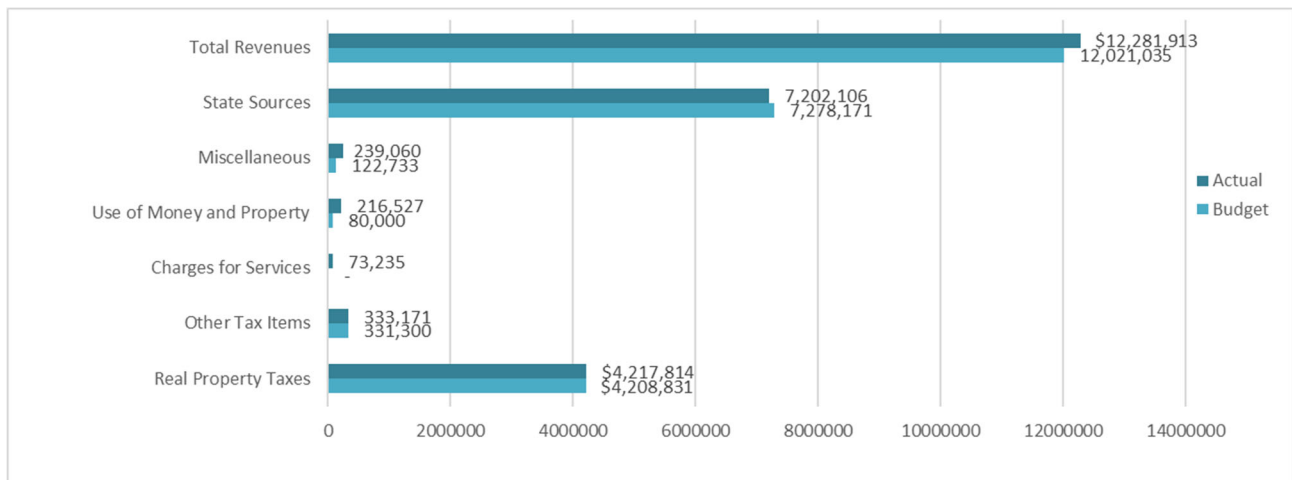
Property Taxes: Revenue of \$4,217,814 (not including STAR) represents 34.5% of total general fund revenues. The property tax levy budget in 2024-2025 increased \$97,362 over 2024-2025. The District stayed within the 2% Property Tax Cap.

Charges for Services: Revenue in this category primarily includes foster care billing, CPSE Speech Services, and Cafeteria Sales.

Miscellaneous: Revenue includes items such as the BOCES refund of prior year expenditures. The large variance between actual and budgeted in this category is due to the BOCES refund of \$184,442. The District budgeted \$100,000, a \$84,442 variance. In the budget process, the District does not include the BOCES refund as a revenue source because the refund is unknown and not measurable.

State Aid: The major source of revenue was \$7,202,106 in state aid. State aid consists of foundation aid, building aid, transportation aid, lottery aid, BOCES aid, and instructional materials aid. This represents 55% of the entire revenue of the General Fund.

Table A-9: Actual Revenues vs. Final Budget Comparison for Fiscal Year 2025



PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2025

BUDGETARY HIGHLIGHTS – Continued

Expenditures

The District had no changes from the overall original expenditure budget of \$14,390,486 for the 2024-2025 school year and the adjusted expenditure budget.

Actual expenditures including other financing uses totaled \$12,585,095, for a favorable variance of \$1,804,284. The bar graph below illustrates how the actual expenditures are distributed and how they compare to the final budgeted appropriations.

District practice, as a means of budgetary control, is to under-expend in all functional budget codes. This strategy was successful during 2024-2025 as exhibited in the bar graph on the below. The three categories deserving mention include instruction, employee benefits and general support.

Instruction: The variance from budget to actual for instructional expenses totaled \$824,426 with the largest deviation in the area of Teaching-Regular School. This is mostly due to eliminating some positions based on enrollment and staffing shortages as well as lesser special education expenses from BOCES than what was budgeted.

Employee Benefits: The discrepancy in employee benefits from budget to actual totals \$592,265. The budget to actual variances are evident in retirement expenses, social security expense and health insurance benefits for active and retired employees.

General Support: The variance from budget to actual for general support is \$127,122 with the largest difference being central services in 2024-2025. Staffing shortages, purchasing fewer supplies, and lower utility expenditures were the main reasons for the variance.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

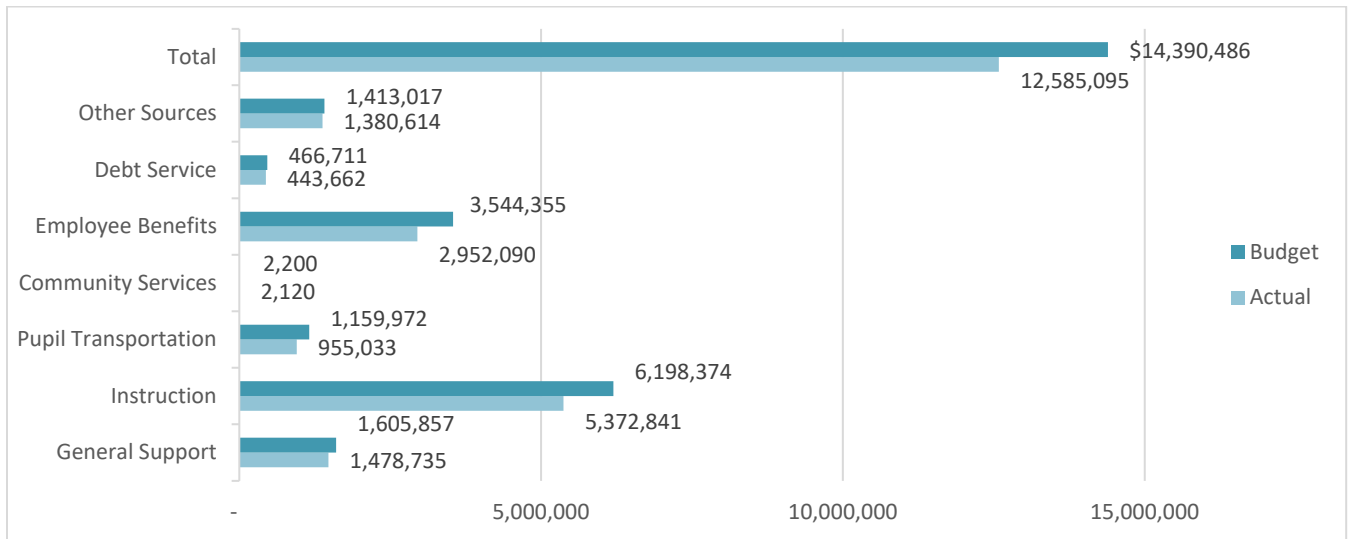
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

BUDGETARY HIGHLIGHTS – Continued

Expenditures - Continued

Table A-10: Actual Expenditures vs. Final Budget Comparison for Fiscal Year 2025



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations between years for the District-wide financial statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payment for capital assets, and the current payments for debt.

General Fund Highlights

The General Fund showed a positive change in the total fund balance from the previous year; the fund balance at June 30, 2025 was \$5,130,531 compared to \$5,433,713 at June 30, 2024. This is a decrease of \$303,182. The District appropriated fund balance of \$1,019,688 to balance the 2025-2026 budget and alleviate some of the tax burden to the taxpayers.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS – Continued

Capital Projects Funds – SMART Schools

The Capital Projects Funds showed a total deficit fund balance of (\$298,030) on June 30, 2025, as a result of the expenditures related to the Smart School purchases which occurred during the prior fiscal year. This project is anticipated to be paid from through state aid sources in the following year.

Capital Projects Funds – Main Renovation

The Capital Projects Funds showed a total deficit fund balance of (\$630,580) on June 30, 2025, as a result of the expenditures related to the main renovation project started during the current fiscal year. This project is anticipated to be paid for through bonding at the end the following school year.

School Food Service (Cafeteria) Fund

Expenditures in the School Food Service Fund largely reflect food costs, employee wages, and fringe benefits. The School Food Service Fund total fund balance at June 30, 2025 was \$5,575.

Special Aid Fund Highlights

It is important to note that half of these grants have a fiscal year, which runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30. Therefore, there are funds being spent during the summer months, which result in carry over amounts as of the June 30, 2025 school year.

Our Special Aid Revenues and Expenditures decreased by \$451,563 in 2024-2025. A significant reason for the decrease is the completion of ARP & ESSER grants. Total revenues and expenses were \$513,107 in 2024-2025.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2025, the District had invested \$20 million in a broad range of capital assets, including land, improvements, buildings, machinery, and equipment, and furniture.

Table A-11: Capital Assets (in dollars)

| Category | Fiscal Year 2024 | Fiscal Year 2025 | Change |
|--------------------------|-------------------------|-------------------------|---------------------|
| Land | \$ 7,550 | \$ 7,550 | \$ - |
| Construction in Progress | 300,699 | 1,808,522 | 1,507,823 |
| Buildings & Improvements | 15,364,478 | 15,458,919 | 94,441 |
| Equipment & Furniture | 2,721,361 | 2,876,021 | 154,660 |
| Less: | | | |
| Accumulated Depreciation | 7,973,445 | 8,631,623 | 658,178 |
| Total | \$ 10,420,643 | \$ 11,519,389 | \$ 1,098,746 |

Long-Term Debt

At year-end, the District had \$37.8 million in general obligation and other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in the Notes to the Financial Statements.

Table A-12: Outstanding Long-Term Debt

| Category | Fiscal Year 2024 | Fiscal Year 2025 | Change |
|-------------------------|-------------------------|-------------------------|-----------------------|
| General Obligation Debt | \$ 2,624,567 | \$ 2,241,020 | \$ (383,547) |
| Compensated Absences | 405,682 | 567,774 | 162,092 |
| Other Postemployment | | | |
| Benefits Payable | 35,707,987 | 34,485,623 | (1,222,364) |
| Net Pension Liability - | | | |
| Proportionate Share | 714,435 | 506,267 | (208,168) |
| Total | \$ 39,452,671 | \$ 37,800,684 | \$ (1,651,987) |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

Many factors were considered by the District's administration during the process of developing the fiscal 2025-2026 budget. The primary factors were the District's program offerings due to changes in enrollment, changes in grant funding in some areas, the costs of employee benefits, diesel fuel, and utilities. Economic uncertainty is a major factor that often makes it difficult to accurately project future budgets. With a questionable economic environment, it is difficult to project the financial impact on the School District.

Total General Fund budgeted appropriations in the amount of \$13,585,904 were budgeted, an increase of \$318,892 from the original 2024-2025 budget of \$13,267,012.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES –
Continued**

The most significant changes in the 2025-2026 budget appropriations compared to the 2024-2025 budget were as follows:

- ❑ Total Instructional decrease of \$116,549
- ❑ Total Pupil Transportation increase of \$55,863
- ❑ Total Benefits increase of \$78,854
- ❑ Total Debt Service increase of \$152,309
- ❑ Total General Support increase of \$148,389

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Parishville-Hopkinton Central School District
Attn: School Business Manager
12 County Route 47
Parishville-Hopkinton, NY 13672

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT
AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2025

| ASSETS | |
|---|------------------------|
| Cash and Cash Equivalents | |
| Unrestricted | \$ 1,567,068 |
| Restricted | 8,674,813 |
| Receivables | |
| State and Federal Aid | 567,154 |
| Due from Other Governments | 422,951 |
| Other Receivables | 5,604 |
| Inventories | 5,575 |
| Prepaid Expenses | 9,333 |
| Capital Assets, Net | 11,519,389 |
| Net Pension Asset – Proportionate Share | 566,293 |
| TOTAL ASSETS | \$ 23,338,180 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Other Postemployment Benefits | \$ 4,663,110 |
| Pensions | 1,618,212 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | \$ 6,281,322 |
| LIABILITIES | |
| Payables | |
| Accounts Payable | \$ 234,421 |
| Accrued Liabilities | 44,156 |
| Retainage Payable | 60,825 |
| Accrued Interest on Bond Anticipation Note Payable | 2,384 |
| Accrued Interest on Bonds Payable and Installment Purchase Debt Payable | 5,387 |
| Due to Teachers' Retirement System | 401,191 |
| Due to Employees' Retirement System | 49,926 |
| Other | 224 |
| Unearned Credits | |
| Unearned Revenues | 1,460 |
| Notes Payable | |
| Bond Anticipation Note Payable | 5,800,000 |
| Long-Term Liabilities | |
| Due and Payable Within One Year | |
| Bonds Payable, Net of Unamortized Premium | 217,486 |
| Installment Purchase Debt Payable | 62,819 |
| Due and Payable After One Year | |
| Bonds Payable, Net of Unamortized Premium | 1,307,376 |
| Installment Purchase Debt Payable | 653,339 |
| Net Pension Liability – Proportionate Share | 506,267 |
| Compensated Absences Payable | 567,774 |
| Other Postemployment Benefit Payable | 34,485,623 |
| TOTAL LIABILITIES | \$ 44,400,658 |
| DEFERRED INFLOWS OF RESOURCES | |
| Other Postemployment Benefits | \$ 7,234,904 |
| Pensions | 821,259 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | \$ 8,056,163 |
| NET POSITION | |
| Net Investment in Capital Assets | \$ 8,586,964 |
| Restricted for: | |
| Debt Service | 107,977 |
| Other Legal Restrictions | 3,201,786 |
| Unrestricted (Deficit) | (34,734,046) |
| TOTAL NET POSITION | \$ (22,837,319) |

See notes to audited basic financial statements.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION –
GOVERNMENTAL ACTIVITIES**

Year Ended June 30, 2025

| | Expenses | Program Revenues | | Net (Expenses) |
|--|----------------------|----------------------|-------------------|--------------------------------------|
| | | Charges for Services | Operating Grants | Revenues and Changes in Net Position |
| FUNCTIONS/PROGRAMS | | | | |
| General Support | \$ 2,004,514 | \$ - | \$ - | \$ (2,004,514) |
| Instruction | 9,593,744 | 73,235 | 484,212 | (9,036,297) |
| Pupil Transportation | 1,306,844 | - | - | (1,306,844) |
| Community Service | 3,947 | - | - | (3,947) |
| Debt Service | 65,303 | - | - | (65,303) |
| School Food Service Program | 442,924 | 37,842 | 241,242 | (163,840) |
| Total Functions and Programs | <u>\$ 13,417,276</u> | <u>\$ 111,077</u> | <u>\$ 725,454</u> | <u>(12,580,745)</u> |
| GENERAL REVENUES | | | | |
| Real Property Taxes | | | | 4,217,814 |
| Other Tax Items | | | | 333,171 |
| Use of Money and Property | | | | 245,717 |
| Loss on Disposition of Property | | | | (1,927) |
| State Sources | | | | 7,202,106 |
| Miscellaneous | | | | 338,389 |
| Total General Revenues | | | | <u>12,335,270</u> |
| Change in Net Position | | | | (245,475) |
| Total Net Position – Beginning of Year | | | | <u>(22,591,844)</u> |
| Total Net Position – End of Year | | | | <u>\$ (22,837,319)</u> |

See notes to audited basic financial statements.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2025

| | General | Capital - Main Renovation | Non-Major Funds | Total Governmental Funds |
|--|---------------------|--------------------------------------|----------------------------|---|
| ASSETS | | | | |
| Cash and Cash Equivalents | | | | |
| Unrestricted | \$ 1,561,994 | \$ - | \$ 5,074 | \$ 1,567,068 |
| Restricted | 3,094,169 | 5,450,874 | 129,770 | 8,674,813 |
| Receivables | | | | |
| State and Federal Aid Receivable | 142,962 | - | 424,192 | 567,154 |
| Due From Other Governments | 422,951 | - | - | 422,951 |
| Due from Other Funds | 417,183 | - | 321,364 | 738,547 |
| Other | 668 | - | 4,936 | 5,604 |
| Inventories | - | - | 5,575 | 5,575 |
| Prepaid Expenditures | 9,333 | - | - | 9,333 |
| TOTAL ASSETS | \$ 5,649,260 | \$ 5,450,874 | \$ 890,911 | \$ 11,991,045 |
| LIABILITIES | | | | |
| Payables | | | | |
| Accounts Payable | \$ 24,463 | \$ 209,958 | \$ - | \$ 234,421 |
| Accrued Liabilities | 43,149 | - | 1,007 | 44,156 |
| Due to Other Funds | - | 71,496 | 667,051 | 738,547 |
| Due to Teachers' Retirement System | 401,191 | - | - | 401,191 |
| Due to Employees' Retirement System | 49,926 | - | - | 49,926 |
| Due to Other Governments | - | - | 224 | 224 |
| Notes Payable | | | | |
| Bond Anticipation | - | 5,800,000 | - | 5,800,000 |
| Unearned Credits | | | | |
| Unearned Revenues | - | - | 1,460 | 1,460 |
| Total Liabilities | 518,729 | 6,081,454 | 669,742 | 7,269,925 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred State Aid | - | - | 298,030 | 298,030 |
| Total Deferred Inflows of Resources | - | - | 298,030 | 298,030 |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable | 9,333 | - | 5,575 | 14,908 |
| Restricted | 3,094,169 | - | 215,594 | 3,309,763 |
| Assigned | 1,020,795 | - | - | 1,020,795 |
| Unassigned (Deficit) | 1,006,234 | (630,580) | (298,030) | 77,624 |
| Total Fund Balances (Deficits) | 5,130,531 | (630,580) | (76,861) | 4,423,090 |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES (DEFICITS) | | | | |
| | \$ 5,649,260 | \$ 5,450,874 | \$ 890,911 | \$ 11,991,045 |

See notes to audited basic financial statements.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

June 30, 2025

Total Fund Balance - Governmental Funds \$ 4,423,090

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

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

| | | |
|---|----------------|--------|
| Net Pension Asset – Proportionate Share – TRS | \$ (566,293) | |
| Net Pension Liability – Proportionate Share – ERS | <u>506,267</u> | 60,026 |

Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds statements and consist of:

| | | |
|-------------------------------|----------------|-------------|
| Other Postemployment Benefits | \$ 7,234,904 | |
| Pensions | <u>821,259</u> | (8,056,163) |

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds statements and consist of:

| | | |
|-------------------------------|------------------|-----------|
| Other Postemployment Benefits | \$ 4,663,110 | |
| Pensions | <u>1,618,212</u> | 6,281,322 |

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. Therefore, deferred inflows of resources are not reported on the Statement of Net Position. 298,030

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

| | | |
|-------------------------------|--------------------|------------|
| The Cost of Capital Assets is | \$ 20,151,012 | |
| Accumulated Depreciation is | <u>(8,631,623)</u> | 11,519,389 |

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

| | | |
|--|---------------|--------------|
| Bonds Payable | \$ 1,500,000 | |
| Retainage Payable | 60,825 | |
| Installment Purchase Debt | 716,158 | |
| Accrued Interest on BAN payable | 2,384 | |
| Accrued Interest on Bonds Payable and Installment Purchase Debt Payable | 5,387 | |
| Compensated Absences Payable | 567,774 | |
| Other Postemployment Benefits Payable | 34,485,623 | |
| Premium on Bond Issue | <u>24,862</u> | (37,363,013) |

Total Net Position - Governmental Activities \$ (22,837,319)

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year Ended June 30, 2025

| | General | Capital - Main Renovation | Non-Major Funds | Total Governmental Funds |
|---|---------------------|------------------------------|--------------------|--------------------------------|
| REVENUES | | | | |
| Real Property Taxes | \$ 4,217,814 | \$ - | \$ - | \$ 4,217,814 |
| Other Tax Items | 333,171 | - | - | 333,171 |
| Charges for Services | 73,235 | - | - | 73,235 |
| Use of Money and Property | 216,527 | - | 9,639 | 226,166 |
| State Sources | 7,202,106 | - | 202,715 | 7,404,821 |
| Federal Sources | - | - | 508,602 | 508,602 |
| Surplus Food | - | - | 14,137 | 14,137 |
| Sales – School Food Service | - | - | 37,811 | 37,811 |
| Miscellaneous | 239,060 | 100 | 99,260 | 338,420 |
| Total Revenues | <u>12,281,913</u> | <u>100</u> | <u>872,164</u> | <u>13,154,177</u> |
| EXPENDITURES | | | | |
| General Support | 1,478,735 | - | 153,370 | 1,632,105 |
| Instruction | 5,372,841 | - | 418,292 | 5,791,133 |
| Pupil Transportation | 955,033 | - | 71,533 | 1,026,566 |
| Community Service | 2,120 | - | - | 2,120 |
| Employee Benefits | 2,952,090 | - | 168,594 | 3,120,684 |
| Debt Service: | | | | |
| Principal | 381,061 | - | - | 381,061 |
| Interest | 62,601 | - | - | 62,601 |
| Cost of Sales – School Food Service | - | - | 149,555 | 149,555 |
| Other Expenditures | - | - | 89,001 | 89,001 |
| Capital Outlay | - | 1,446,998 | 94,441 | 1,541,439 |
| Total Expenditures | <u>11,204,481</u> | <u>1,446,998</u> | <u>1,144,786</u> | <u>13,796,265</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>1,077,432</u> | <u>(1,446,898)</u> | <u>(272,622)</u> | <u>(642,088)</u> |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Premium on Debt Issuance | - | - | 19,551 | 19,551 |
| Operating Transfers In | - | 1,117,017 | 263,597 | 1,380,614 |
| Operating Transfers (Out) | <u>(1,380,614)</u> | <u>-</u> | <u>-</u> | <u>(1,380,614)</u> |
| Total Other Financing Sources and (Uses) | <u>(1,380,614)</u> | <u>1,117,017</u> | <u>283,148</u> | <u>19,551</u> |
| Net Change in Fund Balances (Deficits) | (303,182) | (329,881) | 10,526 | (622,537) |
| Fund Balances (Deficits) – Beginning of Year, As Restated | <u>5,433,713</u> | <u>(300,699)</u> | <u>(87,387)</u> | <u>5,045,627</u> |
| Fund Balances (Deficits) – End of Year | <u>\$ 5,130,531</u> | <u>\$ (630,580)</u> | <u>\$ (76,861)</u> | <u>\$ 4,423,090</u> |

See notes to audited basic financial statements.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF
ACTIVITIES**

Year Ended June 30, 2025

Net Change in Fund Balances (Deficits) – Total Governmental Funds \$ (622,537)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, assets with an initial individual cost of more than \$2,500 for furniture and equipment or \$5,000 for buildings and improvements are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (net of retainage payable) exceeded depreciation and related loss on disposal of capital assets in the current period.

| | | |
|----------------------|------------------|-----------|
| Capital Outlays | \$ 1,858,568 | |
| Loss on Disposals | (1,927) | |
| Depreciation Expense | <u>(818,720)</u> | 1,037,921 |

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period for bonds and installment purchase debt. 381,061

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is decreased by the reduction in accrued interest on bonds, BANs and amortization of premium on bond issue. (2,702)

In the Statement of Activities, certain operating expenses-compensated absences (vacations and certain sick pay), special termination benefits (early retirement) 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). (162,092)

On the Statement of Activities, the actual and projected long-term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefit. (974,873)

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF
ACTIVITIES – CONTINUED**

Year Ended June 30, 2025

(Increase) decrease in proportionate share of net pension asset (liability) and related deferred outflows/inflows reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

| | | |
|--|-----------|---------------------|
| Teachers' Retirement System | \$ 50,826 | |
| Employees' Retirement System | 46,921 | 97,747 |
| Change in Net Position of Governmental Activities | | <u>\$ (245,475)</u> |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

Parishville-Hopkinton Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (“Board”) consisting of seven 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 the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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

Extra Classroom Activities Fund

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Joint Venture

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards are also 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 \$2,386,828 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$956,073. This represents state aid distributions of \$771,631 and 2024 fund balance returned to the schools of \$184,442.

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation

District-Wide Statements

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

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

Fund Statements

The fund statements provide information about the District's funds. 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

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The District reports the following governmental funds:

The District reports the following governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions except transactions required to be accounted for in another fund.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition, Extra Classroom Activities Fund which the District has administrative involvement or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for specific educational programs.

School Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Extra Classroom Activities Fund: Used to account for funds operated by and for the students of the District. The Board exercises general oversight of these funds. The Extra Classroom Activities Fund are independent of the District with respect to its financial transactions and the designation of student management.

Scholarships and Awards Fund: Used to account for proceeds received from various individuals and organizations that are restricted for specific scholarship and award programs not under specific trust arrangements.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of, or the right-to-use capital facilities and other capital and intangible assets. For these funds, each capital project is assessed to determine whether it is a major or non-major 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 non-major are reported in the supplemental schedules either separately or in the aggregate.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g. property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmature portion of long-term debt and other certain other liabilities the District would not expect to liquidate currently with expendable available resources (e.g. compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year as it matches the liquidation of related obligations.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting - Continued

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, subscription liabilities, claims and judgments, compensated absences, workers' compensation, pensions, and other post-employment benefits which are recognized as expenditures to the extent they have matured. General capital assets, intangible lease assets, and intangible subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases and subscriptions with terms greater than one year are reported as other financing sources.

Real Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, 2024, and became a lien on August 13, 2024. Taxes are collected during the period September 1, 2024 to October 31, 2024.

Uncollected real property taxes are subsequently enforced by the County of St. Lawrence, 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 no later than the following April 1.

Restricted Resources

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services. This includes the transfer of unrestricted general fund 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 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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, pension costs, OPEB, workers' compensation liabilities, potential contingent liabilities, useful lives of capital assets, intangible lease assets, and intangible subscription assets.

Cash and Cash Equivalents

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

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

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

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

Receivables

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Inventories and Prepaid Items

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.

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

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

Other Assets

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

Capital Assets and Intangible Lease Assets

Capital assets are reported at actual cost or estimated historical cost, based on appraisals conducted by independent third-party professionals. 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 asset lives are not capitalized.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets and Intangible Lease Assets – Continued

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

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|-------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Buildings | \$ 5,000 | SL | 40 - 50 Years |
| Building Improvements | 5,000 | SL | 40 - 50 Years |
| Site Improvements | 5,000 | SL | 20 Years |
| Furniture and Equipment | 2,500 | SL | 5 - 15 Years |

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$5,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term (3-5 years) consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 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. The second item is the District's contributions to the New York State Teachers' and Employees' pension systems and to Other Postemployment Benefit (OPEB) plan subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions or other inputs.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources – Continued

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 assets or fund balance 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 arises only under a modified accrual basis of accounting and is reported as Deferred State Aid. This represents a deferred inflow only on the Balance Sheet in the governmental funds and revenue on the District-wide Statement of Activities. The second 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 system) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and changes of assumptions or other inputs.

Unearned Revenue

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

Employee Benefits – Compensated Absences

Compensated Absences

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

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Employee Benefits – Compensated Absences – Continued

Vacation eligibility and accumulation is specified in collective bargaining agreements and in 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 payment upon retirement, termination, or death.

In the District-Wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, when employees have earned the right to 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 at the employee's rate of pay at the reporting date and/or rates specified in negotiated labor contracts and in individual employment contracts, 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 service with the District by June 30th.

Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teacher's Retirement System.

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

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Other Benefits - Continued

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage to eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide statements, the cost of post-employment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with the criteria set forth by GASB.

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 RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which 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 BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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 full, in a timely manner, 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.

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 intangible lease and subscription 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, improvements of, and the right-to-use those assets, net of any unexpended proceeds.

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

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Fund Statements

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

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the School Food Service Fund inventory of \$5,575 and prepaid expenditures of \$9,333 in the General Fund as of June 30, 2025.

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

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This Reserve is accounted for in the General Fund.

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and if funded by budgetary appropriation 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. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to 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. This reserve is accounted for in the General Fund.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Workers' Compensation Reserve

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

Scholarships and Awards Fund

According to constraints placed on the use of resources established by various scholarship and award programs, must be used for the specific purpose outlined in the program. The monies are accounted for in the Scholarships and Awards Funds.

Tax Certiorari

According to Education Law §3651.1-a, funds must be used to establish a reserve fund for tax certiorari judgments and claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve that are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the general fund.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Unemployment Insurance

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

Extra Classroom Activities Fund

According to the regulations of the Commissioner of Education (8 NYCRR Part 172), the Board of Education of the District is required to make the rules and regulations for the establishment, conduct, operation, and maintenance of extra classroom activities and for the safeguarding, accounting and audit of all moneys received. According to the regulations of the Board of Education, the monies represent the funds of the students of the District and must be used by the student organizations of the District. The monies are accounted for in the Extra Classroom Activities Fund.

Capital

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Debt Reserve

According to General Municipal Law §6-1, the Mandatory Reserve for Debt must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. The monies are accounted for in the Debt Service Fund.

Restricted fund balance includes the following at June 30, 2025:

| | |
|------------------------------------|----------------------------|
| General Fund | |
| Capital | \$ 823,284 |
| Retirement Contributions - NYSERS | 784,382 |
| Retirement Contributions - NYSTRS | 324,115 |
| Employee Benefit Accrued Liability | 656,909 |
| Workers' Compensation | 183,134 |
| Tax Certiorari | 237,543 |
| Unemployment Insurance | 84,802 |
| Extra Classroom Activities Fund | 75,569 |
| Scholarship and Awards Fund | 32,048 |
| Debt Service Fund | <u>107,977</u> |
| Total Restricted Funds | <u><u>\$ 3,309,763</u></u> |

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

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 in the General Fund. Encumbrances reported in the General Fund amounted to \$1,107. 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 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, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Implementation of New Accounting Standards

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

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 not 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.

Future Changes in Accounting Standards

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

**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 governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

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

Total fund balances of the District’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

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

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

1. 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 current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN
FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – Continued**

**Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of
Activities – Continued**

2. Capital Related Differences:

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

3. 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 statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension Differences:

Pension differences occur as a result of 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 resources 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.

5. OPEB Differences:

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the statement establishes a unified model for the recognition and measurement of compensated absences.

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. 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 can be funded 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) and appropriations of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriation occurred during the year: voter and board approved transfer of \$1,117,017 of capital reserve monies to be used in the campus-wide capital project.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY –

Continued

Budgets– Continued

Budgets are adopted annually on a basis consistent with GAAP.

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

Special Revenue Funds have not been included in the comparison because they do not have a legally authorized (appropriated) budget.

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 part of assigned fund balance, unless classified as restricted, 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.

Other

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 funding appropriate reserves as cash is available.

The Capital Projects Fund – Main Renovation had a deficit fund balance of \$630,580. This will be funded when the District obtains permanent financing for its current construction project.

The Capital Projects Fund – Smart Schools shows an unassigned fund balance deficit of \$298,030. This deficit will be eliminated when the District obtains grant funding at the project’s completion.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

**NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT,
CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN
CURRENCY RISKS**

Cash

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

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

| | |
|---|-------------------|
| Uncollateralized | <u>\$ -</u> |
| Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name | <u>\$ 450,824</u> |

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 \$3,094,169 restricted for various fund balance reserves in the General Fund, \$5,450,874 restricted for the voter-approved capital project in Capital Projects – Main Renovation Fund, \$22,072 restricted for debt service payments in the Debt Service Fund within the governmental funds, \$75,650 restricted for extra classroom in the Extra Classroom Activities Fund, and \$32,048 restricted for scholarships and awards in the Scholarships and Awards Funds.

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 institution’s 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, but not in the District’s name.

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 Manager of the District.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

**NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT,
CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN
CURRENCY RISKS – Continued**

Cash– Continued

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Investment Pool – NYCLASS

The District participated in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article §5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

The amounts held represent the cost of the investment pool shares and are considered to be approximate net asset value. At June 30, 2025, the School District held \$4,464,146 in the General Fund, \$22,072 in the Debt Service Fund, \$32,698 in the Scholarships and Awards Fund, and \$5,345,437 in the Capital Projects Fund in these investments consisting of various investments in securities issued by The United States and its agencies, which are included in unrestricted and restricted cash and cash equivalents.

Total investments of the cooperative as of year-end are \$14,108,902,633, which consisted of \$578,204,196 in collateralized bank deposits, \$3,819,691,492 in repurchase agreements, \$8,250,852,544 in U.S Treasury Bills, and \$1,460,154,401 in U.S. Treasury Notes. The U.S. Treasuries within the NYCLASS portfolio are backed by the full faith and credit of the United States Government and therefore do not require collateral. New York State Municipal Bonds within the portfolio are backed by the full faith and credit of the State of New York and therefore do not require collateral. The other permissible investment security types are collateralized in accordance with NYS GML Section 10 and the NYCLASS Investment Policy. Repurchase Agreements (repos) are collateralized 102% by either U.S. Treasuries and/or U.S. Agencies. Bank Deposits also require full collateral; currently NYCLASS Collateralized Bank Deposits are being collateralized by Federal Home Loan Bank (FHLB) Letters of Credit (LOC).

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30 are as follows:

| Governmental Activities | Beginning Balance | Additions | Retirements/ Reclassifications | Ending Balance |
|--|------------------------------|---------------------|---|---------------------------|
| Capital Assets That Are Not Depreciated: | | | | |
| Land | \$ 7,550 | \$ - | \$ - | \$ 7,550 |
| Construction-in-Progress | 300,699 | 1,507,823 | - | 1,808,522 |
| Total Nondepreciable Assets | <u>308,249</u> | <u>1,507,823</u> | <u>-</u> | <u>1,816,072</u> |
| Capital Assets That Are Depreciated: | | | | |
| Buildings and Improvements | 15,364,478 | 94,441 | - | 15,458,919 |
| Vehicles, Furniture and Equipment | 2,721,361 | 354,129 | (199,469) | 2,876,021 |
| Total Depreciable Assets | <u>18,085,839</u> | <u>448,570</u> | <u>(199,469)</u> | <u>18,334,940</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | 6,585,227 | 539,798 | - | 7,125,025 |
| Vehicles, Furniture and Equipment | 1,388,218 | 278,922 | (160,542) | 1,506,598 |
| Total Accumulated Depreciation | <u>7,973,445</u> | <u>818,720</u> | <u>(160,542)</u> | <u>8,631,623</u> |
| Total Depreciated Assets, Net | <u>10,112,394</u> | <u>(370,150)</u> | <u>(38,927)</u> | <u>9,703,317</u> |
| Capital Assets, Net | <u>\$ 10,420,643</u> | <u>\$ 1,137,673</u> | <u>\$ (38,927)</u> | <u>\$ 11,519,389</u> |

Depreciation expense was charged to governmental function as follows:

| | |
|----------------------------|-------------------|
| General Support | \$ 148,092 |
| Instruction | 579,981 |
| Pupil Transportation | <u>90,647</u> |
| Total Depreciation Expense | <u>\$ 818,720</u> |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 7 – SHORT-TERM DEBT OBLIGATIONS

Short-term debt may be authorized and issued to fund the following:

Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through the issuance of bond anticipation notes (BANS).

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

| | Stated | Beginning | Issued | Redeemed | Ending |
|-----------------------|----------------------|------------------|---------------------|-----------------|---------------------|
| Maturity Dates | Interest Rate | Balance | Balance | Balance | Balance |
| BAN 6/26/2026 | 3.75% | \$ - | \$ 5,800,000 | \$ - | \$ 5,800,000 |
| | | <u>\$ -</u> | <u>\$ 5,800,000</u> | <u>\$ -</u> | <u>\$ 5,800,000</u> |

Interest on short-term debt for the year composed of:

| | |
|--|---------------------|
| Interest Paid | \$ - |
| Less: Interest Accrued in the Prior Year | - |
| Plus: Interest Accrued in the Current Year | <u>2,384</u> |
| Total Interest on Short-Term Debt | <u>\$ 2,384</u> |

The proceeds of the BANS were used as short-term financing for a District-wide project.

NOTE 8 – LONG-TERM DEBT OBLIGATIONS

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

Serial Bonds

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

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

| Governmental Activities | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due Within One Year |
|--------------------------------|------------------------------|-------------------|---------------------|-----------------------|---|
| Bonds and Notes Payable | | | | | |
| General Obligation Debt | | | | | |
| Serial Bonds | \$ 1,770,000 | \$ - | \$ 285,000 | \$ 1,485,000 | \$ 200,000 |
| Statutory Installment Bonds | 50,000 | - | 35,000 | 15,000 | 15,000 |
| Installment Purchase Debt | 777,219 | - | 61,061 | 716,158 | 62,819 |
| Premium on Bonds | 27,348 | - | 2,486 | 24,862 | 2,486 |
| | <u>2,624,567</u> | <u>-</u> | <u>383,547</u> | <u>2,241,020</u> | <u>280,305</u> |
| Total Bonds and Notes Payable | | | | | |
| Other Liabilities: | | | | | |
| Other Postemployment Benefits | | | | | |
| Liability | 35,707,987 | - | 1,222,364 | 34,485,623 | - |
| Compensated Absences | 405,682 | 162,092 | - | 567,774 | - |
| Net Pension Liability – | | | | | |
| Proportionate Share | 714,435 | - | 208,168 | 506,267 | - |
| | <u>36,828,104</u> | <u>162,092</u> | <u>1,430,532</u> | <u>35,559,664</u> | <u>-</u> |
| Total Other Liabilities | | | | | |
| Total Governmental Activities | <u>\$ 39,452,671</u> | <u>\$ 162,092</u> | <u>\$ 1,814,079</u> | <u>\$ 37,800,684</u> | <u>\$ 280,305</u> |

The General Fund has typically been used to liquidate long-term liabilities. Additions and reductions to compensated absences are shown net.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

Existing serial and statutory bond obligations:

| Description | Issue Date | Final Maturity | Interest Rate (%) | Balance |
|---------------------------------|------------|----------------|-------------------|---------------------|
| Serial Bonds - Building 2014 | 06/18/14 | 06/15/30 | 3.490% | \$ 135,000 |
| Serial Bonds - Building 2020 | 06/25/20 | 06/15/35 | 2.000% | 1,350,000 |
| Statutory Installment Bond 2021 | 07/27/21 | 06/15/26 | 2.750% | 15,000 |
| | | | | <u>\$ 1,500,000</u> |

The following is a summary of debt service requirements at year-end June 30:

| | Principal | Interest | Total |
|-----------|---------------------|-------------------|---------------------|
| 2026 | \$ 220,000 | \$ 32,124 | \$ 252,124 |
| 2027 | 150,000 | 27,090 | 177,090 |
| 2028 | 155,000 | 23,643 | 178,643 |
| 2029 | 150,000 | 20,096 | 170,096 |
| 2030 | 140,000 | 16,723 | 156,723 |
| 2031-2035 | <u>685,000</u> | <u>41,800</u> | <u>726,800</u> |
| Total | <u>\$ 1,500,000</u> | <u>\$ 161,476</u> | <u>\$ 1,661,476</u> |

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

| | |
|--|------------------|
| Interest Paid | \$ 40,815 |
| Less: Interest Accrued in the Prior Year | (1,670) |
| Plus: Interest Accrued in the Current Year | 4,546 |
| Less: Amortization of Bond Premium | <u>(2,486)</u> |
| Total Interest on Long-Term Debt | <u>\$ 41,205</u> |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 – INSTALLMENT PURCHASE DEBT OBLIGATION

On July 12, 2019, the District entered into an Energy Performance Contract Municipal Lease/Purchase Agreement with Municipal Lease Consultants, LLC. The project includes energy efficient improvements to the heating system and district-wide lighting improvements. The estimated value of the capital improvements at completion of the project and at the inception of the lease is \$1,004,842. The project was completed as of June 30, 2020 and resulted in \$1,004,824 of construction costs. Balance of the long-term liability at June 30, 2025 is \$716,158. The installment purchase debt obligation is amortized at a nominal interest rate of approximately 2.859%.

The future minimum obligations under the installment purchase debt at June 30, 2025 is as follows:

| | Principal | Interest | Total |
|-----------|-------------------|-------------------|-------------------|
| 2026 | \$ 62,819 | \$ 20,029 | \$ 82,848 |
| 2027 | 64,627 | 18,220 | 82,847 |
| 2028 | 66,488 | 16,359 | 82,847 |
| 2029 | 68,403 | 14,445 | 82,848 |
| 2030 | 70,372 | 12,475 | 82,847 |
| 2031-2035 | <u>383,449</u> | <u>30,789</u> | <u>414,238</u> |
| Total | <u>\$ 716,158</u> | <u>\$ 112,317</u> | <u>\$ 828,475</u> |

Interest on installment purchase debt for the year was composed of:

| | |
|---|------------------|
| Interest Paid | \$ 21,786 |
| Less: Interest Accrued in the Prior Year | (913) |
| Plus: Interest Accrued in the Current Year | <u>841</u> |
| Total Interest on Installment Purchase Debt | <u>\$ 21,714</u> |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 – INSTALLMENT PURCHASE DEBT OBLIGATION – Continued

Debt restrictions:

The lease agreement dated July 12, 2019 by the District for the Energy Performance Contract included restrictions concerning the use and maintenance of the equipment in the possession of the District. During the lease obligation period, the District shall maintain the equipment, including any repairs and replacements necessary to ensure it is in working order. The equipment may only be used by the District in the manner allowed by the agreement. No affix or installation of accessories may be added to the equipment without prior consent by the Lessor. Commercial general liability insurance will be maintained by the District for the equipment and any proceeds received for the damage/loss the equipment to be applied to the balance of the outstanding lease obligation, equipment replacement, or equipment repair.

The District's lease agreement includes list of events in which the balance of the obligation would become immediately due:

- Failure by the District to maintain the required insurance;
- Failure to make timely payment of the lease obligation payments (10 days);
- Failure of the District to address agreement violations in a timely manner after receiving formal notification by the Lessor of the issue;
- Certain legal filing by or against the District which would significantly impact their ability to make future payments; and
- The Lessor's identification that any representations made by the District in obtaining the lease agreement were materially untrue.

For a complete list of terms and other information, a copy of the lease agreement is maintained by the District's business office.

NOTE 10 – PENSION PLANS

General Information

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

Teachers' Retirement System (TRS) Plan Description

The TRS is administered by the New York State Teacher's 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 the enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Annual Comprehensive Financial Report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS) Plan Description

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. 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 obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

TRS Benefits Provided

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor’s approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tier 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

Vested Benefits

Retirement benefits for Tiers 1-6 are now vested after 5 years of credited service. Prior to April 9, 2022, Tier 5 and 6 members to attain 10 years of state service credit to be vested. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

Prior Service and Military Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service. Certain members may also claim military service credit prior to or interrupting membership.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and tier of membership.

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of maximum annual benefit. The applicable percentage payable beginning September 2024 and 2023 is 1.8% and 2.5%, respectively. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

ERS Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Tiers 3, 4, and 5

Eligibility: Tier 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary is limited to no more than 10 percent greater than the average of the previous 2 years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 4 years.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Vested Benefits

All Members are vested when they reach 5 years of service credit.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regard less of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one- half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2024 and received an overall discount of \$1,061).

Required contributions for the current and two preceding years were:

| | NYSTRS | NYSERS |
|-----------|---------------|---------------|
| 2024-2025 | \$ 353,701 | \$ 147,503 |
| 2023-2024 | 350,943 | 118,974 |
| 2022-2023 | 330,139 | 101,962 |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

Pension Assets, Pension Liabilities, Pension Expense, 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. This information was provided by the ERS and TRS Systems in reports provided to the District.

| | ERS | TRS |
|---|----------------|---------------|
| Measurement Date | March 31, 2025 | June 30, 2024 |
| District's Proportionate Share of the Net Pension Asset (Liability) | \$ (506,267) | \$ 566,293 |
| District's Portion (%) of the Plan's Total Net Pension Asset (Liability) | 0.0029527% | 0.018980% |
| Change in Proportion (%) Since the Prior Measurement Date | -0.0004652% | 0.000514% |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

For the year ended June 30, 2025, the District’s recognized pension expense (credit) of (\$50,826) for ERS and (\$46,921) for TRS. At June 30, 2025, the District’s reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | | <u>Deferred Inflows of Resources</u> | |
|---|---------------------------------------|---------------------|--------------------------------------|-------------------|
| | <u>ERS</u> | <u>TRS</u> | <u>ERS</u> | <u>TRS</u> |
| Differences Between Expected and Actual Experience | \$ 125,659 | \$ 609,794 | \$ 5,927 | \$ - |
| Changes of Assumptions | 21,232 | 338,758 | - | 56,982 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 39,720 | - | - | 629,200 |
| Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions | 30,544 | 38,964 | 61,015 | 68,135 |
| District's Contributions Subsequent to the Measurement Date | 49,926 | 363,615 | - | - |
| Total | \$ 267,081 | \$ 1,351,131 | \$ 66,942 | \$ 754,317 |

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2026, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

| | ERS | TRS |
|------------|------------|--------------|
| 2026 | \$ 78,502 | \$ (292,555) |
| 2027 | 126,078 | 681,663 |
| 2028 | (49,689) | (122,335) |
| 2029 | (4,678) | (132,916) |
| 2030 | - | 73,091 |
| Thereafter | - | 26,251 |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – 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.

Significant actuarial assumptions used in the valuations were as follows:

| | ERS | TRS |
|--------------------------|--|--|
| Measurement Date | March 31, 2025 | June 30, 2024 |
| Actuarial Valuation Date | April 1, 2024 | June 30, 2023 |
| Interest Rate | 5.9% | 6.95% |
| Salary Scale | 4.3% | 1.3% |
| Decrement Tables | April 1, 2015 - March 31, 2020 System's Experience | July 1, 2015 - June 30, 2020 System's Experience |
| Inflation Rate | 2.9% | 2.4% |

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 July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October 2021. The actuarial assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

Actuarial Assumptions – Continued

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

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

| | ERS | TRS |
|--|----------------|---------------|
| Measurement Date | March 31, 2025 | June 30, 2024 |
| Asset Type | | |
| Domestic Equity | 3.54% | 6.60% |
| International Equity | 6.57% | 7.40% |
| Private Equity | 7.25% | 10.00% |
| Global Equity | | 6.90% |
| Real Estate | 4.95% | 6.30% |
| Opportunistic / Absolute Return Strategies Portfolio | 5.25% | |
| Credit | 5.40% | |
| Real Assets | 5.55% | |
| Fixed Income | 2.00% | |
| Cash | 0.25% | 0.50% |
| Private Debt | | 5.90% |
| Real Estate Debt | | 3.90% |
| Domestic Fixed Income Securities | | 2.60% |
| Global Bonds | | 2.50% |
| High-Yield Bonds | | 4.80% |

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon 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 asset (liability).

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – PENSION PLANS – Continued

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

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

| ERS | 1% Decrease (4.9%) | Current Assumption (5.9%) | 1% Increase (6.9%) |
|--|-------------------------------|--|-------------------------------|
| Employer's Proportionate Share of the Net Pension Asset (Liability) | \$ (1,465,200) | \$ (506,267) | \$ 294,443 |

| TRS | 1% Decrease (5.95%) | Current Assumption (6.95%) | 1% Increase (7.95%) |
|--|--------------------------------|---|--------------------------------|
| Employer's Proportionate Share of the Net Pension Asset (Liability) | \$ (2,615,741) | \$ 566,293 | \$ 3,242,469 |

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:

| | (In Thousands) | | |
|---|------------------|------------------|------------------|
| | ERS | TRS | Total |
| Measurement date | March 31, 2025 | June 30, 2024 | |
| Employer's Total Pension Asset (Liability) | \$ (247,600,239) | \$ (142,837,827) | \$ (390,438,066) |
| Plan Net Position | 230,454,512 | 145,821,435 | 376,275,947 |
| Employer's Net Pension Asset (Liability) | \$ (17,145,727) | \$ 2,983,608 | \$ (14,162,119) |
| Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability) | 93.08% | 102.09% | |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – 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 31. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution 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 \$49,926. 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, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to \$401,191.

NOTE 11 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

Interfund balances at June 30, 2025 are as follows:

| | Interfund | | Interfund | |
|---------------------------|--------------------|-------------------|---------------------|---------------------|
| | Receivables | Payables | Revenues | Expenditures |
| General | \$ 417,183 | \$ - | \$ - | \$ 1,380,614 |
| Special Aid | - | 116,562 | 35,951 | - |
| Capital – Smart Schools | - | 298,030 | - | - |
| Capital – Main Renovation | - | 71,496 | 1,117,017 | - |
| Capital – Capital Outlay | - | - | 94,441 | - |
| School Food Service | 235,459 | 252,459 | 133,205 | - |
| Debt Service | 85,905 | - | - | - |
| Total | <u>\$ 738,547</u> | <u>\$ 738,547</u> | <u>\$ 1,380,614</u> | <u>\$ 1,380,614</u> |

The District typically transfers resources between funds for the purpose of mitigating the effects of transient cash flow issues. The General Fund advanced funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs. Transfers are made to the various Capital Projects Funds for funding of projects.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 – CONTINGENCIES AND COMMITMENTS

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

NOTE 13 – DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of Scholarships.

Donor-restricted endowments are reported at fair value.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 14 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2025:

| Fund Balances (Deficits) | General | Capital - Main Renovation | Non-Major Funds | Total Governmental Funds |
|---|---------------------|--------------------------------------|----------------------------|-------------------------------------|
| Nonspendable | | | | |
| Prepaid Expenditures | \$ 9,333 | \$ - | \$ - | \$ 9,333 |
| Inventory | - | - | 5,575 | 5,575 |
| Restricted | | | | |
| Debt Service | - | - | 107,977 | 107,977 |
| Capital | 823,284 | - | - | 823,284 |
| Employee Benefit Accrued Liability | 656,909 | - | - | 656,909 |
| Retirement Contributions - NYSERS | 784,382 | - | - | 784,382 |
| Retirement Contributions - NYSTRS | 324,115 | - | - | 324,115 |
| Workers' Compensation | 183,134 | - | - | 183,134 |
| Tax Certiorari | 237,543 | - | - | 237,543 |
| Unemployment Insurance | 84,802 | - | - | 84,802 |
| Scholarships and Awards | - | - | 32,048 | 32,048 |
| Extra Classroom Activity | - | - | 75,569 | 75,569 |
| Assigned | | | | |
| Designated for Next Fiscal Year | 1,019,688 | - | - | 1,019,688 |
| Instruction | 1,107 | - | - | 1,107 |
| Unassigned | | | | |
| Capital - Main Renovation | - | (630,580) | - | (630,580) |
| Capital - Smart Schools | - | - | (298,030) | (298,030) |
| General Fund | 1,006,234 | - | - | 1,006,234 |
| Total Governmental Fund Balances | | | | |
| (Deficits) | <u>\$ 5,130,531</u> | <u>\$ (630,580)</u> | <u>\$ (76,861)</u> | <u>\$ 4,423,090</u> |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District’s 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.

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

Employees Covered by Benefit Terms – At July 1, 2023, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 57 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | <u>81</u> |
| Total Covered Employees | <u><u>138</u></u> |

The District provides two Self-Insured Plan to eligible retirees and dependents through the St. Lawrence-Lewis Health Consortium (the Plan). Currently 57 retired employees have elected to participate and contribute health insurance payments under the District’s group plan. Participants must meet the minimum requirements of age 55 with at least twenty (20) years of service. The District reimburses the full Medicare Part B amount for all eligible retirees and dependents. The following represents other retiree requirements for the District’s non-instructional and instructional employees:

Non-Instructional

- All current and future spouses are not required to contribute towards postemployment health care benefits.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS –

Continued

General Information about the OPEB Plan – Continued

Instructional

- All members who retired prior to July 1, 2013 are not required to contribute towards postemployment health care benefits.
- All current and future members that retire on or after July 2nd, 2013 are required to contribute a frozen amount equal to 5% of the St. Lawrence-Lewis Health Consortium Plan with Rider 10.

Medicare Part B premiums are reimbursed at 100% for Medicare-eligible retirees and dependents.

Surviving spouses may continue coverage at 100% of the individual plan premium cost. Also, they are not eligible for Medicare Part B reimbursement.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2025 the District recognized \$964,161 for its share of insurance premiums for currently enrolled retirees.

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2025 which indicates that the total liability for other postemployment benefits is \$34,485,623 which is reflected in the Statement of Net Position. The OPEB liability was measured as of July 1, 2024 and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS –

Continued

Total OPEB Liability – Continued

Actuarial Methods and Assumptions

| | |
|-------------------------------|----------|
| Measurement Date | 07/01/24 |
| Rate of Compensation Increase | 3.50% |
| Inflation Rate | 2.70% |
| Discount Rate | 3.93% |

Assumed Medical/Prescription Drug Trend Rates at June 30

| | |
|---|-------|
| Health Care Cost Trend Rate Assumed for Next Fiscal Year | 6.80% |
| Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate) | 4.14% |
| Fiscal Year that the Rate Reaches the Ultimate Trend Rate | 2094 |

Additional Information

| | |
|--------------------------------|------------------|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage |
| Amortization Period (in Years) | 6.79 |

The discount rate was based on the Bond Buyer Weekly 20-Bond Go Index as of July 1, 2024.

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2022 – June 30, 2023.

Changes in the Total OPEB Liability

| | |
|--|----------------------|
| Balance at June 30, 2024 | \$ 35,707,987 |
| Changes for the Year | |
| Service Cost | 1,378,577 |
| Interest | 1,336,482 |
| Differences Between Expected and Actual Experience | (1,629,773) |
| Changes of Assumptions or Other Inputs | (1,366,395) |
| Benefit Payments | (941,255) |
| Net Changes | <u>(1,222,364)</u> |
| Balance at June 30, 2025 | <u>\$ 34,485,623</u> |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS –

Continued

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65 percent on July 1, 2023 to 3.93 percent on July 1, 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 (2.93 percent) or 1 percentage point higher (4.93 percent) than the current discount rate:

| | 1% Decrease (2.93%) | Discount Rate (3.93%) | 1% Increase (4.93%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | <u>\$ 40,634,936</u> | <u>\$ 34,485,623</u> | <u>\$ 29,565,258</u> |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 3.14 percent) or 1 percentage point higher (trend decreasing to 5.14 percent) than the current healthcare cost trend rate:

| | 1% Decrease (Trend Less 1% Decreasing to 3.14%) | Healthcare Cost Trend Rates (Trend Decreasing to 4.14%) | 1% Increase (Trend Plus 1% Decreasing to 5.14%) |
|----------------------|--|---|--|
| Total OPEB Liability | <u>\$ 28,525,337</u> | <u>\$ 34,485,623</u> | <u>\$ 42,297,338</u> |

For the year ended June 30, 2025, the District recognized an OPEB expense of \$974,873. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 2,497,511 | \$ 3,649,083 |
| Changes of Assumptions or Other Inputs | 1,272,134 | 3,585,821 |
| Benefit Payments Subsequent to the Measurement Date | <u>893,465</u> | <u>-</u> |
| | <u>\$ 4,663,110</u> | <u>\$ 7,234,904</u> |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS –

Continued

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

District benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending June 30, | |
|-----------------------------|-----------------------|
| 2026 | \$ 304,754 |
| 2027 | (571,286) |
| 2028 | (993,655) |
| 2029 | (1,252,800) |
| 2030 | (793,293) |
| Thereafter | <u>(158,979)</u> |
| | <u>\$ (3,465,259)</u> |

NOTE 16 – RISK MANAGEMENT

General

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

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 16 – RISK MANAGEMENT – Continued

Pooled Non-Risk-Retained

The District participates in the St. Lawrence – Lewis County School District’s Healthcare Plan (Plan), a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 18 individual governmental units located within the pool’s geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$1,000,000 limit, and the District has essentially transferred all related risk to the pool.

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 of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing: St. Lawrence-Lewis Counties School District Employee Medical Plan, Post Office Box 697, Canton, New York 13617.

The District participates in the St. Lawrence-Lewis Counties School District Employees Workers’ Compensation Plan, a risk-sharing pool, to ensure Workers’ Compensation claims. This is a public entity risk pool created under Article 5 of the Workers’ Compensation Law to finance liability and risks related to Workers’ Compensation claims. The District share of the liability for unbilled and open claims is \$0.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 17 – RESTATEMENT OF FUND BALANCE

Due to an error in the prior period, a prior-period adjustment of \$10,297 must be made to the beginning fund balance of the General Fund and School Food Service Fund. The beginning fund balance has been restated to increase General Support expenditures in the General Fund and decrease General Support expenditures in the School Food Service Fund on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. The following details the change in the district’s beginning of year Fund Balance:

| | |
|---|---------------------|
| General Fund - Fund Balance Beginning of Year, as Previously Stated | \$ 5,444,010 |
| Increase in General Support Expenditures | (10,297) |
| General Fund - Fund Balance Beginning of Year, as Restated | <u>\$ 5,433,713</u> |
| | |
| School Food Service Fund - Fund Balance Beginning of Year, as Previously Stated | \$ (4,725) |
| Decrease in General Support Expenditures | 10,297 |
| School Food Service Fund - Fund Balance Beginning of Year, as Restated | <u>\$ 5,572</u> |

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS**

Ended June 30, 2025

| Total OPEB Liability | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Service Cost | \$ 1,378,577 | \$ 1,214,669 | \$ 1,494,853 | \$ 1,153,104 | \$ 784,186 | \$ 674,806 | \$ 787,015 | \$ 1,518,467 |
| Interest | 1,336,482 | 1,394,408 | 891,712 | 801,403 | 982,935 | 1,001,380 | 954,830 | 1,242,547 |
| Change in Benefit Terms | (1,629,773) | - | - | (1,127,889) | - | - | (83,349) | (2,638,611) |
| Change in Assumptions and Other Inputs | (1,366,395) | 558,096 | (3,396,717) | (1,386,038) | 6,876,320 | 1,547,052 | (1,458,126) | (12,624,712) |
| Difference between Expected and Actual Experience | - | (5,141,551) | - | 6,542,067 | - | (336,035) | - | (3,108,873) |
| Benefit Payments | (941,255) | (986,040) | (990,763) | (845,587) | (821,662) | (754,733) | (716,768) | (748,187) |
| Net Change in Total OPEB Liability | <u>(1,222,364)</u> | <u>(2,960,418)</u> | <u>(2,000,915)</u> | <u>5,137,060</u> | <u>7,821,779</u> | <u>2,132,470</u> | <u>(516,398)</u> | <u>(16,359,369)</u> |
| Total OPEB Liability - Beginning | <u>35,707,987</u> | <u>38,668,405</u> | <u>40,669,320</u> | <u>35,532,260</u> | <u>27,710,481</u> | <u>25,578,011</u> | <u>26,094,409</u> | <u>42,453,778</u> |
| Total OPEB Liability - Ending | <u>\$ 34,485,623</u> | <u>\$ 35,707,987</u> | <u>\$ 38,668,405</u> | <u>\$ 40,669,320</u> | <u>\$ 35,532,260</u> | <u>\$ 27,710,481</u> | <u>\$ 25,578,011</u> | <u>\$ 26,094,409</u> |
| Covered Payroll | \$ 4,747,651 | \$ 4,365,802 | \$ 4,106,089 | \$ 3,978,273 | \$ 4,124,065 | \$ 3,702,730 | \$ 3,606,766 | \$ 3,492,045 |
| Total OPEB Liability as a Percentage of Covered Payroll | 726.37% | 817.90% | 941.73% | 1022.29% | 861.58% | 748.38% | 709.17% | 747.25% |

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 paragraph on supplementary schedules included in independent auditor's report.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**
Year Ended June 30, 2025

| | Original Budget | Final Budget | Actual | | Final Budget Variance With Actual |
|--|----------------------------|-------------------------|----------------------|----------------------------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Real Property Taxes | \$ 4,208,831 | \$ 4,208,831 | \$ 4,217,814 | | \$ 8,983 |
| Other Tax Items | 331,300 | 331,300 | 333,171 | | 1,871 |
| Charges for Services | - | - | 73,235 | | 73,235 |
| Use of Money and Property | 80,000 | 80,000 | 216,527 | | 136,527 |
| Miscellaneous | 122,733 | 122,733 | 239,060 | | 116,327 |
| Total Local Sources | <u>4,742,864</u> | <u>4,742,864</u> | <u>5,079,807</u> | | <u>336,943</u> |
| State Sources | 7,278,171 | 7,278,171 | 7,202,106 | | (76,065) |
| Total Revenues | <u>\$ 12,021,035</u> | <u>\$ 12,021,035</u> | <u>\$ 12,281,913</u> | | <u>\$ 260,878</u> |
| APPROPRIATED FUND BALANCE | | | | | |
| Prior Years' Surplus | 1,013,231 | 1,013,231 | | | |
| Prior Years' Encumbrances | 6,457 | 6,457 | | | |
| Appropriated Reserves | 232,746 | 1,349,763 | | | |
| Total Revenues and Appropriated Fund Balance | <u>\$ 13,273,469</u> | <u>\$ 14,390,486</u> | | | |
| | | | | Year-End Encumbrances | Final Budget Variance With Actual And Encumbrances |
| EXPENDITURES | | | | | |
| General Support | | | | | |
| Board of Education | \$ 23,950 | \$ 26,019 | \$ 22,562 | \$ - | \$ 3,457 |
| Central Administration | 196,482 | 196,951 | 195,190 | - | 1,761 |
| Finance | 253,643 | 252,130 | 241,881 | - | 10,249 |
| Staff | 43,056 | 43,056 | 31,702 | - | 11,354 |
| Central Services | 662,139 | 676,273 | 576,460 | - | 99,813 |
| Special Items | 426,554 | 411,428 | 410,940 | - | 488 |
| Total General Support | <u>1,605,824</u> | <u>1,605,857</u> | <u>1,478,735</u> | <u>-</u> | <u>127,122</u> |
| Instruction | | | | | |
| Instruction, Administration and Improvement | 292,695 | 292,255 | 222,850 | - | 69,405 |
| Teaching-Regular School | 2,810,392 | 2,786,299 | 2,397,492 | 1,107 | 387,700 |
| Programs for Children with Handicapping Conditions | 1,657,810 | 1,637,061 | 1,448,053 | - | 189,008 |
| Occupational Education | 400,000 | 400,000 | 349,184 | - | 50,816 |
| Teaching - Special School | 18,910 | 27,333 | 25,783 | - | 1,550 |
| Instructional Media | 595,200 | 611,701 | 511,047 | - | 100,654 |
| Pupil Services | 435,890 | 443,725 | 418,432 | - | 25,293 |
| Total Instruction | <u>6,210,897</u> | <u>6,198,374</u> | <u>5,372,841</u> | <u>1,107</u> | <u>824,426</u> |
| Pupil Transportation | 1,115,866 | 1,159,972 | 955,033 | - | 204,939 |
| Community Services | 2,200 | 2,200 | 2,120 | - | 80 |
| Employee Benefits | 3,610,017 | 3,544,355 | 2,952,090 | - | 592,265 |
| Debt Service | 443,665 | 466,711 | 443,662 | - | 23,049 |
| Total Expenditures | <u>12,988,469</u> | <u>12,977,469</u> | <u>11,204,481</u> | <u>1,107</u> | <u>1,771,881</u> |
| OTHER FINANCING USES | | | | | |
| Transfers to Other Funds | 285,000 | 1,413,017 | 1,380,614 | - | 32,403 |
| Total Expenditures and Other Financing Uses | <u>\$ 13,273,469</u> | <u>\$ 14,390,486</u> | <u>12,585,095</u> | <u>\$ 1,107</u> | <u>\$ 1,804,284</u> |
| Net Change in Fund Balance | | | (303,182) | | |
| Fund Balance – Beginning of Year, As Restated | | | 5,433,713 | | |
| Fund Balance – Ending of Year | | | <u>\$ 5,130,531</u> | | |

Note to Required Supplementary Information Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

See paragraph on supplementary schedules included in independent auditor's report.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSLRS PENSION PLAN
LAST TEN FISCAL YEARS**

Ended June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Teachers' Retirement System (TRS) | | | | | | | | | | |
| District's Proportion of the Net Pension Asset (Liability) | 0.018980% | 0.018466% | 0.019016% | 0.017891% | 0.018152% | 0.017474% | 0.018722% | 0.018200% | 0.019338% | 0.020229% |
| District's Proportionate Share of the Net Pension Asset (Liability) | \$ 566,293 | \$ (211,176) | \$ (364,900) | \$ 3,100,411 | \$ (501,585) | \$ 453,967 | \$ 338,545 | \$ 138,339 | \$ (207,120) | \$ 2,101,172 |
| District's Covered Payroll | \$ 3,709,686 | \$ 3,518,283 | \$ 3,411,656 | \$ 3,043,289 | \$ 3,080,948 | \$ 3,091,041 | \$ 3,002,804 | \$ 3,153,404 | \$ 2,887,110 | \$ 2,984,070 |
| District's Proportionate Share of the Net Pension Asset (Liability) as a percentage of its Covered Payroll | 15.27% | 6.00% | 10.70% | 101.88% | 16.28% | 14.69% | 11.27% | 4.39% | 7.17% | 70.41% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability) | 102.09% | 99.17% | 98.57% | 113.25% | 97.76% | 102.17% | 101.53% | 100.66% | 99.01% | 110.46% |
| Employees' Retirement System (ERS) | | | | | | | | | | |
| District's Proportion of the Net Pension Asset (Liability) | 0.0029527% | 0.0034179% | 0.0031665% | 0.0027939% | 0.0031361% | 0.0029752% | 0.0026577% | 0.0028489% | 0.0030512% | 0.0032881% |
| District's Proportionate Share of the Net Pension Asset (Liability) | \$ (506,267) | \$ (503,259) | \$ (679,025) | \$ 228,393 | \$ (3,123) | \$ (787,863) | \$ (188,304) | \$ (91,947) | \$ (286,696) | \$ (527,743) |
| District's Covered Payroll | \$ 1,094,439 | \$ 1,030,322 | \$ 945,528 | \$ 882,048 | \$ 968,485 | \$ 842,154 | \$ 886,506 | \$ 842,383 | \$ 806,583 | \$ 822,261 |
| District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll | 46.26% | 48.84% | 71.81% | 25.89% | 0.32% | 93.55% | 21.24% | 10.92% | 35.54% | 64.18% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability) | 93.08% | 93.88% | 90.78% | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.68% |

See paragraph on supplementary schedules included in independent auditor's report.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN

LAST TEN FISCAL YEARS

Ended June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Teachers' Retirement System (TRS) | | | | | | | | | | |
| Contractually Required Contribution | \$ 353,701 | \$ 350,943 | \$ 330,139 | \$ 289,402 | \$ 272,972 | \$ 329,378 | \$ 320,535 | \$ 351,433 | \$ 408,783 | \$ 545,440 |
| Contributions in Relation to the Contractually Required Contribution | 353,701 | 350,943 | 330,139 | 289,402 | 272,972 | 329,378 | 320,535 | 351,433 | 408,783 | 545,440 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 3,709,686 | \$ 3,518,283 | \$ 3,411,656 | \$ 3,043,289 | \$ 3,080,948 | \$ 3,091,041 | \$ 3,002,804 | \$ 3,153,404 | \$ 2,887,110 | \$ 2,984,070 |
| Contributions as a Percentage of Covered Payroll | 9.53% | 9.97% | 9.68% | 9.51% | 8.86% | 10.66% | 10.67% | 11.14% | 14.16% | 18.28% |
| Employees' Retirement System (ERS) | | | | | | | | | | |
| Contractually Required Contribution | \$ 147,503 | \$ 118,974 | \$ 101,962 | \$ 136,252 | \$ 133,973 | \$ 115,890 | \$ 116,555 | \$ 115,593 | \$ 121,303 | \$ 159,824 |
| Contributions in Relation to the Contractually Required Contribution | 147,503 | 118,974 | 101,962 | 136,252 | 133,973 | 115,890 | 116,555 | 115,593 | 121,303 | 159,824 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 1,094,439 | \$ 1,030,322 | \$ 945,528 | \$ 882,048 | \$ 968,485 | \$ 842,154 | \$ 886,506 | \$ 842,383 | \$ 806,583 | \$ 822,261 |
| Contributions as a Percentage of Covered Payroll | 13.48% | 11.55% | 10.78% | 15.45% | 13.83% | 13.76% | 13.15% | 13.72% | 15.04% | 19.44% |

See paragraph on supplementary schedules included in independent auditor's report.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND
THE REAL PROPERTY TAX LIMIT – GENERAL FUND**

June 30, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

| | |
|--------------------------------|-----------------------------|
| Adopted Budget | \$ 13,267,012 |
| Add: Prior Year's Encumbrances | <u>6,457</u> |
| Original Budget | 13,273,469 |
| Budget Revision | <u>1,117,017</u> |
| Final Budget | <u><u>\$ 14,390,486</u></u> |

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

| | |
|---|----------------------------|
| 2025-2026 Voter Approved Expenditure Budget | <u>\$ 13,585,904</u> |
| Maximum Allowed 4% of 2025-2026 Budget | <u>\$ 543,436</u> |
| General Fund Balance Subject to Section 1318 of Real Property Tax Law: | |
| Unrestricted Fund Balance: | |
| Assigned Fund Balance | \$ 1,020,795 |
| Unassigned Fund Balance | <u>1,006,234</u> |
| Total Unrestricted Fund Balance | <u>2,027,029</u> |
| Less: | |
| Appropriated Fund Balance | 1,019,688 |
| Encumbrances Included in Assigned Fund Balance | <u>1,107</u> |
| Total Adjustments | <u>1,020,795</u> |
| General Fund Balance Subject to Section 1318 of Real Property Tax Law | <u><u>\$ 1,006,234</u></u> |
| Actual Percentage | <u><u>7.41%</u></u> |

See paragraph on supplementary schedules included in independent auditor's report.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

Year Ended June 30, 2025

| PROJECT TITLE | Expenditures | | | | | Unexpended Balance | Methods of Financing | | | | Fund Balance (Deficit) 6/30/2025 |
|---------------------------------------|------------------------|-----------------------|-------------------|---------------------|---------------------|---------------------|-------------------------|-------------------|---------------------|---------------------|----------------------------------|
| | Original Appropriation | Revised Appropriation | Prior Year | Current Year | Total | | Proceeds Of Obligations | State Aid | Local Sources | Total | |
| Smart Schools (SSBA) | \$ 347,853 | \$ 567,847 | \$ 537,566 | \$ - | \$ 537,566 | \$ 30,281 | \$ - | \$ 239,536 | \$ - | \$ 239,536 | \$ (298,030) |
| Capital Improvement Project | 9,200,000 | 9,200,000 | 300,699 | 1,446,998 | 1,747,697 | 7,452,303 | - | - | 1,117,117 | 1,117,117 | (630,580) |
| Micro Project - Building Improvements | 100,000 | 100,000 | - | 94,441 | 94,441 | 5,559 | - | - | 94,441 | 94,441 | - |
| Totals | <u>\$ 9,647,853</u> | <u>\$ 9,867,847</u> | <u>\$ 838,265</u> | <u>\$ 1,541,439</u> | <u>\$ 2,379,704</u> | <u>\$ 7,488,143</u> | <u>\$ -</u> | <u>\$ 239,536</u> | <u>\$ 1,211,558</u> | <u>\$ 1,451,094</u> | <u>\$ (928,610)</u> |

See paragraph on supplementary schedules included in independent auditor's report.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2025

| | <u>School Food Service</u> | <u>Special Aid</u> | <u>Debt Service</u> | <u>Extra Classroom Activities</u> | <u>Scholarships and Awards</u> | <u>Capital - Smart Schools</u> | <u>Capital - Capital Outlay</u> | <u>Total Non-Major Funds</u> |
|---|--------------------------------|------------------------|-------------------------|---|--|------------------------------------|-------------------------------------|--------------------------------------|
| ASSETS | | | | | | | | |
| Cash and Cash Equivalents | | | | | | | | |
| Unrestricted | \$ 50 | \$ 5,024 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,074 |
| Restricted | - | - | 22,072 | 75,650 | 32,048 | - | - | 129,770 |
| Receivables | | | | | | | | |
| State and Federal Aid Receivable | 17,698 | 108,464 | - | - | - | 298,030 | - | 424,192 |
| Other | - | 4,936 | - | - | - | - | - | 4,936 |
| Due from Other Funds | 235,459 | - | 85,905 | - | - | - | - | 321,364 |
| Inventories | 5,575 | - | - | - | - | - | - | 5,575 |
| TOTAL ASSETS | \$ 258,782 | \$ 118,424 | \$ 107,977 | \$ 75,650 | \$ 32,048 | \$ 298,030 | \$ - | \$ 890,911 |
| LIABILITIES | | | | | | | | |
| Payables | | | | | | | | |
| Accrued Liabilities | \$ 524 | 402 | \$ - | \$ 81 | \$ - | \$ - | \$ - | \$ 1,007 |
| Due to Other Funds | 252,459 | 116,562 | - | - | - | 298,030 | - | 667,051 |
| Due to Other Governments | 224 | - | - | - | - | - | - | 224 |
| Unearned Credits | | | | | | | | |
| Unearned Revenues | - | 1,460 | - | - | - | - | - | 1,460 |
| Total Liabilities | 253,207 | 118,424 | - | 81 | - | 298,030 | - | 669,742 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Deferred State Aid | - | - | - | - | - | 298,030 | - | 298,030 |
| Total Deferred Inflows of Resources | - | - | - | - | - | 298,030 | - | 298,030 |
| FUND BALANCES (DEFICITS) | | | | | | | | |
| Nonspendable | 5,575 | - | - | - | - | - | - | 5,575 |
| Restricted | - | - | 107,977 | 75,569 | 32,048 | - | - | 215,594 |
| Unassigned (Deficit) | - | - | - | - | - | (298,030) | - | (298,030) |
| Total Fund Balances (Deficits) | 5,575 | - | 107,977 | 75,569 | 32,048 | (298,030) | - | (76,861) |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | \$ 258,782 | \$ 118,424 | \$ 107,977 | \$ 75,650 | \$ 32,048 | \$ 298,030 | \$ - | \$ 890,911 |

See paragraph on supplementary schedules included in independent auditor's report.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2025

| | School Food Service | Special Aid | Debt Service | Extra Classroom Activities | Scholarships and Awards | Capital - Smart Schools | Capital - Capital Outlay | Total Non-Major Funds |
|---|------------------------------------|------------------------|-------------------------|---|--|------------------------------------|-------------------------------------|--------------------------------------|
| REVENUES | | | | | | | | |
| Use of Money and Property | \$ - | \$ - | \$ 8,197 | \$ - | \$ 1,442 | \$ - | \$ - | \$ 9,639 |
| State Sources | 68,289 | 134,426 | - | - | - | - | - | 202,715 |
| Federal Sources | 158,816 | 349,786 | - | - | - | - | - | 508,602 |
| Surplus Food | 14,137 | - | - | - | - | - | - | 14,137 |
| Sales - School Food Service | 37,811 | - | - | - | - | - | - | 37,811 |
| Miscellaneous | 31 | 28,895 | - | 67,734 | 2,600 | - | - | 99,260 |
| Total Revenues | <u>279,084</u> | <u>513,107</u> | <u>8,197</u> | <u>67,734</u> | <u>4,042</u> | <u>-</u> | <u>-</u> | <u>872,164</u> |
| EXPENDITURES | | | | | | | | |
| General Support | 153,370 | - | - | - | - | - | - | 153,370 |
| Instruction | - | 418,292 | - | - | - | - | - | 418,292 |
| Pupil Transportation | - | 71,533 | - | - | - | - | - | 71,533 |
| Employee Benefits | 109,361 | 59,233 | - | - | - | - | - | 168,594 |
| Cost of Sales - School Food Service | 149,555 | - | - | - | - | - | - | 149,555 |
| Other Expenditures | - | - | - | 85,751 | 3,250 | - | - | 89,001 |
| Capital Outlay | - | - | - | - | - | - | 94,441 | 94,441 |
| Total Expenditures | <u>412,286</u> | <u>549,058</u> | <u>-</u> | <u>85,751</u> | <u>3,250</u> | <u>-</u> | <u>94,441</u> | <u>1,144,786</u> |
| Excess (Deficiency) of Revenues | | | | | | | | |
| Over Expenditures | <u>(133,202)</u> | <u>(35,951)</u> | <u>8,197</u> | <u>(18,017)</u> | <u>792</u> | <u>-</u> | <u>(94,441)</u> | <u>(272,622)</u> |
| OTHER FINANCING SOURCES AND (USES) | | | | | | | | |
| Premium on Debt Issuance | - | - | 19,551 | - | - | - | - | 19,551 |
| Operating Transfers In | 133,205 | 35,951 | - | - | - | - | 94,441 | 263,597 |
| Total Other Financing Sources and (Uses) | <u>133,205</u> | <u>35,951</u> | <u>19,551</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>94,441</u> | <u>283,148</u> |
| Net Change in Fund Balances (Deficits) | 3 | - | 27,748 | (18,017) | 792 | - | - | 10,526 |
| Fund Balances (Deficits) – Beginning of Year, As Restated | 5,572 | - | 80,229 | 93,586 | 31,256 | (298,030) | - | (87,387) |
| Fund Balances (Deficits) – End of Year | <u>\$ 5,575</u> | <u>\$ -</u> | <u>\$ 107,977</u> | <u>\$ 75,569</u> | <u>\$ 32,048</u> | <u>\$ (298,030)</u> | <u>\$ -</u> | <u>\$ (76,861)</u> |

See paragraph on supplementary schedules included in independent auditor's report.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2025

| | | |
|---|------------------|---------------------|
| Capital Assets, Net | | \$ 11,519,389 |
| Deduct: | | |
| Bond Anticipation Note | \$ 5,800,000 | |
| Less: Unspent Proceeds | (5,169,420) | |
| Premium on Bonds Payable | 24,862 | |
| Retainage Payable | 60,825 | |
| Short-Term Portion of Installment Purchase Debt Payable | 62,819 | |
| Long-Term Portion of Installment Purchase Debt Payable | 653,339 | |
| Short-Term Portion of Bonds Payable | 215,000 | |
| Long-Term Portion of Bonds Payable | <u>1,285,000</u> | <u>2,932,425</u> |
| Net Investment in Capital Assets | | <u>\$ 8,586,964</u> |

See paragraph on supplementary schedules included in independent auditor's report.

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

**BOARD OF EDUCATION
PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Parishville-Hopkinton Central School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Parishville-Hopkinton Central School District’s basic financial statements, and have issued our report thereon dated October 14, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

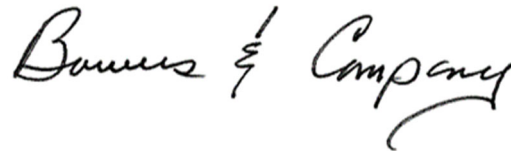
As part of obtaining reasonable assurance about whether Parishville-Hopkinton Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2025-001.

Parishville-Hopkinton Central School District's Response to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on the Parishville-Hopkinton Central School District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Parishville-Hopkinton Central School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Watertown, New York
October 14, 2025

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2025

NOTE A – FINDINGS - FINANCIAL STATEMENT AUDIT

Finding Control Number: 2025-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

Criteria

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserves for tax reduction and insurance recoveries, the District can retain to no more than 4% of the subsequent year's budgeted appropriations. Amounts appropriated for the subsequent year, encumbrances, nonspendable and restricted balances are also excluded for the 4% limitation.

Condition

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$462,798 during the fiscal year.

Context

During our audit test of compliance - §1318 Real Property Tax, it was noted that the unassigned fund balances of \$1,006,234 had exceeded maximum allowed unexpended balance of \$543,436 for the fiscal year ended.

Effect

As a result, the District was not in compliance with the unexpended surplus funds limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2025.

Cause

The District understands the requirements relating to §1318 Real Property Tax law and due to the uncertainty of primary revenue sources maintains fund balance levels deemed appropriate in accordance with their long-range fund balance plan.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2025

NOTE A – FINDINGS - FINANCIAL STATEMENT AUDIT - Continued

Finding Control Number: 2025-001 – Continued

Recommendation

We recognize the District has developed and implemented a long range written reserve plan. The District also monitors the fund balance on a regular basis. We recommend school officials continue to review fund balance throughout the year to address compliance with the Real Property Tax Law §1318.

Views of Responsible Officials and Planned Corrective Actions

The District will continue to monitor fund balance throughout the year and take appropriate steps to ensure compliance with the Real Property Tax Law §1318 that prohibits excess fund balance at the fiscal year end. It is the District's intent to use excess unassigned fund balance to fund the capital reserve or other appropriate reserves in the 2026-27 fiscal year as cash is available.

EXTRA CLASSROOM ACTIVITIES FUND

INDEPENDENT AUDITOR’S REPORT ON EXTRA CLASSROOM ACTIVITIES FUND

BOARD OF EDUCATION PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activities Fund of Parishville-Hopkinton Central School District for the year ended June 30, 2025 and the related note to the financial statements.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activities Fund of Parishville-Hopkinton Central School District for the year then ended June 30, 2025, in accordance with cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Parishville-Hopkinton 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 opinion.

Emphasis of Matter – Basis of Accounting

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

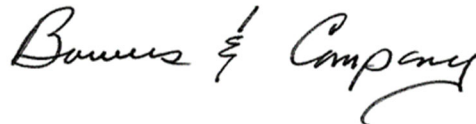
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the 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 auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 Parishville-Hopkinton Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Parishville-Hopkinton 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.



Watertown, New York
October 14, 2025

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITIES FUND – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2025

| | Cash Balances 7/1/2024 | Cash Receipts | Cash Disbursements | Cash Balances 6/30/2025 |
|-----------------------|---------------------------------------|--------------------------|-------------------------------|--|
| Class of: | | | | |
| 2025 | \$ 24,729 | \$ 13,421 | \$ 37,661 | \$ 489 |
| 2026 | 5,338 | 6,671 | 5,376 | 6,633 |
| 2027 | 3,048 | 3,380 | 3,199 | 3,229 |
| 2028 | 1,066 | 2,506 | 1,180 | 2,392 |
| 2029 | 1,462 | 3,093 | 1,400 | 3,155 |
| 2030 | - | 3,739 | 1,048 | 2,691 |
| Interest | 80 | - | - | 80 |
| Sales Tax | 224 | 574 | 719 | 79 |
| GSA | 110 | - | - | 110 |
| Yearbook | 14,392 | 5,921 | 4,287 | 16,026 |
| Band | 5,481 | 5,992 | 7,761 | 3,712 |
| Varsity Club | 3,570 | 661 | 2,399 | 1,832 |
| Student Council | 6,631 | 1,088 | 685 | 7,034 |
| NHS | 2,006 | - | - | 2,006 |
| Positivity Club | 717 | - | - | 717 |
| Manufacturing Systems | 975 | - | - | 975 |
| PHCSD Follies | 14,993 | 10,163 | 7,940 | 17,216 |
| Foreign Language Club | 3,726 | 7,507 | 10,805 | 428 |
| Forensics Club | 289 | - | - | 289 |
| Elementary Club | 2,650 | 1,973 | 168 | 4,455 |
| Art Club | 1,178 | 598 | 326 | 1,450 |
| Clay Target League | 1,002 | 450 | 800 | 652 |
| Total | <u>\$ 93,667</u> | <u>\$ 67,737</u> | <u>\$ 85,754</u> | <u>\$ 75,650</u> |

See note to financial statement.

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITIES FUND – NOTE TO FINANCIAL STATEMENT

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activities Fund of the Parishville-Hopkinton Central School District represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activities Fund are independent of the School District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activities Fund of Parishville-Hopkinton Central School District are maintained on a cash basis and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expense, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.

APPENDIX C

Form of Legal Opinions

LAW OFFICES

OF

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Kristine M. Bryant
Paralegal

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Fax: (585) 381-7498

June 17, 2026

Board of Education of the
Parishville-Hopkinton Central School District
St. Lawrence County, New York

Re: ***Parishville-Hopkinton Central School District
\$8,158,000 School District (Serial) Bonds, 2026***

Dear Board Members:

I have examined a record of proceedings relating to the issuance of \$8,158,000 aggregate principal amount of School District (Serial) Bonds, 2026 of the Parishville-Hopkinton 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 | \$465,000 | 2032 | \$455,000 | 2037 | \$600,000 |
| 2028 | \$483,000 | 2033 | \$480,000 | 2038 | \$630,000 |
| 2029 | \$510,000 | 2034 | \$500,000 | 2039 | \$665,000 |
| 2030 | \$415,000 | 2035 | \$525,000 | 2040 | \$695,000 |
| 2031 | \$435,000 | 2036 | \$570,000 | 2041 | \$730,000 |

The Bonds are dated June 17, 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 January 29, 2024. The proposition approving the matters set forth in the bond resolution was approved by the voters of the School District on December 12, 2023.

Board of Education of the
Parishville-Hopkinton Central School District
June 17, 2026

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, except that one Bond for the 2028 maturity may be issued in a denomination which is or includes an amount less than the authorized multiple.

In my opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors’ rights, the Bonds are valid and legally binding obligations of the Parishville-Hopkinton 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

Timothy R. McGill

Board of Education of the
Parishville-Hopkinton Central School District
June 17, 2026

Page 3

of real property subject to taxation within the boundaries of the School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of and interest on the Bonds as the same respectively become 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 27, 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.