**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 13, 2022**

**NEW ISSUE** **SERIAL BONDS**

**S&P GLOBAL RATINGS: "A+" STABLE OUTLOOK** **See "BOND RATING" herein**

*In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "Tax Matters" herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Bonds is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. 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).*

*The Bonds will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.*

# $28,156,330

# CITY SCHOOL DISTRICT OF THE CITY OF LITTLE FALLS

## HERKIMER COUNTY, NEW YORK

**GENERAL OBLIGATIONS**
**CUSIP BASE #537160**

## $28,156,330 School District (Serial) Bonds, 2022

**(the "Bonds")**

**Dated: February 3, 2022** **Due: February 1, 2023-2037**

**MATURITIES****

| Year | Amount | Rate | Yield | CSP | Year | Amount | Rate | Yield | CSP | Year | Amount | Rate | Yield | CSP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2023 | $ 1,686,330 | | | | 2028 | $ 1,870,000 | | | | 2033* | $ 2,065,000 | | | |
| 2024 | 1,715,000 | | | | 2029 | 1,910,000 | | | | 2034* | 2,105,000 | | | |
| 2025 | 1,750,000 | | | | 2030 | 1,945,000 | | | | 2035* | 2,145,000 | | | |
| 2026 | 1,790,000 | | | | 2031* | 1,980,000 | | | | 2036* | 2,190,000 | | | |
| 2027 | 1,835,000 | | | | 2032* | 2,020,000 | | | | 2037* | 1,150,000 | | | |

* The Bonds maturing in the years 2031-2037 are subject to redemption prior to maturity as described herein under the heading "Optional Redemption."

** Subject to change pursuant to the accompanying Notice of Sale in order to achieve substantially level or declining annual debt service and to comply with the requirements of the Code.

The Bonds are general obligations of the City School District of the City of Little Falls (the "District" or "School District"), Herkimer 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. The faith and credit of the City School District of the City of Little Falls are irrevocably pledged for the payment of the Bonds and the interest thereon. See "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds registered in the name of the purchaser, or, at the option of the purchaser, 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 form only, in the principal amount of $5,000 or integral multiples thereof except for one necessary odd denomination maturing in 2023. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable semi-annually on February 1 and August 1 in each year until maturity commencing August 1, 2022. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of $5,000 or any integral multiple thereof, except for one necessary odd denomination maturing in 2022, and the District will act as paying agent. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals for the Bonds shall be for not less than $28,156,330 and accrued interest, if any, on the total principal amount of the Bonds. Proposals shall be accompanied by a good faith deposit in the form of a certified or cashier's check or wire transfer payable to the order of the City School District of the City of Little Falls, Herkimer County, New York, in the amount of $564,000.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Hodgson Russ LLP, Bond Counsel, Albany, New York. . It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about February 3, 2022.

**ELECTRONIC BIDS for the Bonds must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on January 20, 2022 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Bonds pursuant to the terms provided in the Private Competitive Bond Sale for the Bonds.**

January 13, 2022

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE "APPENDIX D – FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE" HEREIN.

# CITY SCHOOL DISTRICT OF THE CITY OF LITTLE FALLS
# HERKIMER COUNTY, NEW YORK

## DISTRICT OFFICIALS

### 2021-2022 BOARD OF EDUCATION

FRANK MENDL
President

CHRISTINE SHEPARDSON
Vice President

TRACY COULSON
WILLIAM DODGE
JOSEPH FINKST, JR.
KRISTINA M. HAMEISTER
BERNARD JODWAY

* * * * * * * * * * *

DR. KEITH T. LEVATINO
Superintendent of Schools

ASHRAF ALLAM
Director of Business Operations and Technology

MELISSA L. REFF
Payroll Clerk/District Treasurer

CHRISTINE M. DILLENBECK
Accounts Payable/Deputy District Treasurer

Municipal Advisors

Hodgson Russ LLP
ATTORNEYS

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**

**of the**

# CITY SCHOOL DISTRICT OF THE CITY OF LITTLE FALLS HERKIMER COUNTY, NEW YORK

**Relating To**

## $28,156,330 School District (Serial) Bonds, 2022

This Official Statement, which includes the cover page, has been prepared by the City School District of the City of Little Falls, Herkimer County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $28,156,330 principal amount of School District (Serial) Bonds, 2022 (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 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 forms of the Bonds and such proceedings.

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. This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "THE SCHOOL DISTRICT-State Aid" and "MARKET AND RISK FACTORS" herein.

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

## THE BONDS

### 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 (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. See "TAX LEVY LIMITATION LAW" herein.

The Bonds will be dated February 3, 2022 and will mature in the principal amounts 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 fifteenth day of the calendar month preceding each such interest payment date. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of DTC, which, if so selected by the purchaser, 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 or integral multiples thereof except for one necessary odd denomination maturing in 2023. If the Bonds are issued in book-entry form, purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, principal and interest will be payable at the School District. The Bonds may not be converted into coupon bonds or be registered to bearer.

Interest on the Bonds will be payable semi-annually on February 1 and August 1 in each year until maturity commencing August 1, 2022.

**Optional Redemption**

The Bonds maturing on or before February 1, 2030 shall not be subject to redemption prior to maturity. The Bonds maturing on or after February 1, 2031 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the District on February 1, 2030 or on any date thereafter at par (100.0%), 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 by lot in any 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 holders 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 of Issue**

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution of the District dated March 28, 2018 authorizing the issuance of $29,900,000 obligations of the District to pay the cost of a capital improvements project consisting of certain reconstruction, renovation, and new construction projects to Benton Hall Academy, the Middle/High School and the District Bus Garage Facility. The District currently has $29,306,330 bond anticipation notes outstanding for this project maturing February 4, 2022.

The proceeds of the Bonds, along with $1,150,000 available funds of the District, will permanently finance the $29,306,330 bond anticipation notes maturing February 4, 2022.

## BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds, if so requested. 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. One fully-registered bond certificate will be issued for each maturity of the Bonds.

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 3.6 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, 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 Bonds 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect 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 Securities 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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 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. Payment of principal and interest to 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 transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

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 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 ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; 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.

### Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued or the purchaser elects to have the Bonds issued in Certificated form, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity, except for one necessary odd denomination maturing in 2023. 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 as a fiscal agent bank to be named by the District upon termination of the book-entry-only system. Interest on the Bonds will be payable semi-annually on February 1 and August 1 in each year until maturity commencing August 1, 2022. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

## THE DISTRICT

### General Information

The City School District of the City of Little Falls is situated in central New York State, in the southeast sector of Herkimer County. The City of Syracuse is located approximately 65 miles to the west and the City of Albany is approximately 60 miles to the east. Major highways serving the School District include Interstate 90 and New York State Routes 5 and 20.

The School District encompasses approximately 57.41 square miles and includes the City of Little Falls and various portions of the Towns of Danube, Fairfield, Herkimer, Little Falls, Manheim and Stark. The character of the School District is primarily rural with the majority of homes being single family. Commercial activity and industrial development in the District are centered in and around the City of Little Falls.

Transportation is provided to and from the School District by New York State Routes 5 and 20 and Interstate 90. Major airline service is provided at the Hancock International (Syracuse) Airport, which is located about 75 miles to the west of the School District and Albany International Airport located approximately 65 miles to the east.

Electricity is supplied throughout the School District by National Grid. The City of Little Falls maintains its own water supply and distribution system, primarily supported from user charges. The balance of the School District is supplied from well water. Sanitary sewage collection and treatment facilities have been constructed within the City of Little Falls, but not within the rest of the District. Police protection is provided by the New York State Police, the County Sheriff's Offices and the City of Little Falls Police Department. Fire protection and ambulance service is provided by the City of Little Falls Fire Department.

There is a downtown shopping center in the City of Little Falls which is home to a Price Chopper supermarket as of 2013. This has had a significant impact on the downtown business sector as well as the entire community by keeping shoppers in the area rather than having to visit a neighboring area for their daily needs. A major industrial manufacturer also completed an $8 million expansion in 2014 and an industrial gas supplier has completed a new distribution facility in the Town of Manheim at a cost of $8 million. A new solar energy project has been implemented on a property within the school district, and PILOT payments have commenced as of the 2020-21 school year.

Source: District officials.

**District Population**

The current estimated population of the District is 6,700. (Source: 2019 U.S. Census Bureau estimate)

**Larger Employers**

Selected major employers located within the School District are as follows:

| Employer | Type of Business | Number of Employees |
|---|---|---|
| Little Falls Hospital | Health Care | 405 |
| Twin Rivers Paper Corporation | Manufacturing | 220 |
| Little Falls City School District | Education | 210 |
| Carton Filler Acquisition Corp. | Manufacturing | 110 |
| City of Little Falls | Municipality | 90 |
| Alpine Nursing Home | Health Care | 89 |
| Ideal Wood Products | Manufacturing | 55 |

Source: District officials.

**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 includes the District, are the Towns, City, and County listed below. The figures set below with respect to such Towns, City, and Counties is included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the City, Towns, or the County is necessarily representative of the District, or vice versa.

| | Per Capita Income | | | Median Family Income | | |
|---|---|---|---|---|---|---|
| | 2000 | 2006-2010 | 2015-2019 | 2000 | 2006-2010 | 2015-2019 |
| City of: | | | | | | |
| Little Falls | $ 15,139 | $ 23,860 | $ 25,442 | $ 34,583 | $ 50,521 | $ 59,489 |
| Towns of: | | | | | | |
| Danube | 13,572 | 17,714 | 27,236 | 32,500 | 40,000 | 73,967 |
| Fairfield | 15,063 | 23,944 | 30,207 | 45,069 | 56,016 | 71,607 |
| Herkimer | 17,211 | 18,478 | 28,696 | 42,296 | 44,681 | 70,028 |
| Little Falls | 21,587 | 27,351 | 25,442 | 50,046 | 67,167 | 80,917 |
| Manheim | 15,429 | 23,860 | 24,133 | 39,032 | 53,724 | 64,278 |
| Stark | 14,128 | 19,844 | 26,773 | 34,545 | 50,972 | 72,917 |
| County of: | | | | | | |
| Herkimer | 16,141 | 21,908 | 27,850 | 40,570 | 53,288 | 70,028 |
| State of: | | | | | | |
| New York | 23,389 | 30,948 | 39,326 | 51,691 | 67,405 | 84,385 |

Note: 2016-2020 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2015-2019 American Community Survey data.

**Unemployment Rate Statistics**

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

**Annual Average**

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|---|
| Herkimer County | 6.8% | 6.2% | 5.5% | 5.7% | 4.9% | 4.9% | 8.2% |
| New York State | 6.3% | 5.3% | 4.9% | 4.7% | 4.1% | 4.0% | 10.0% |

**2021 Monthly Figures**

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Herkimer County | 8.5% | 8.9% | 8.2% | 6.6% | 5.7% | 5.9% | 6.0% | 5.9% | 5.0% | 4.8% | N/A | N/A |
| New York State | 9.4% | 9.7% | 8.4% | 7.7% | 7.0% | 7.2% | 7.4% | 7.1% | 6.3% | 5.9% | 5.5% | N/A |

Note: Unemployment rates for November and December 2021 are not available as of the date of this Official Statement.

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

**Form of District Government**

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

The Board of Education which is the policy-making body of the School District, consists of seven members with overlapping five-year terms. Each Board member must be a qualified voter of the School District and no Board member may hold certain other district offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members. The President of the Board is the Chief Fiscal Officer of the School District.

**Financial Organization**

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

**Budgetary Procedures and Recent Budget Votes**

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven days 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 District must mail a school budget notice to all qualified voters which contains the total budget 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 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 District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011 ("Chapter 97"), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the "School District Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District 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 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 3rd 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.

*Recent Budget Vote Results*

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 by a vote of 360 to 57. The District's adopted budget for 2019-20 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 1.72%, which is below the District tax levy limit of 2.00%.

The school district budget vote for the 2020-21 fiscal year was originally scheduled to be held on May 19, 2020, however, annual school budget votes across the State were held by absentee ballot on June 16, 2020 under an Executive Order from Governor Andrew Cuomo that extended and expanded restrictions aimed at limiting the spread of COVID-19. The qualified voters of the District approved the budget by a vote of 421 to 138. The District's budget for the 2020-21 fiscal year remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 1.97%, which is within to the District tax levy limit.

The budget for the 2021-22 fiscal year was approved by the qualified voters on May 18, 2021 by a vote of 165 to 30. The District's adopted budget for 2021-22 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 0.97%, which is below the District tax levy limit of 2.3%.

**Investment Policy**

Pursuant to the statutes of the State, the School District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State; (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; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State; and, (8) in the case of 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 either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) savings accounts or money market accounts of designated banks; (2) certificates of deposit issued by a bank or trust company located in and authorized to do business in the State; (3) demand deposit accounts in a bank or trust company located in and authorized to do business in the State; (4) obligations of New York State; and (5) obligations of the United States Government (U.S. Treasury Bills and Notes).

The School District's policy does not permit the School District to invest in so-called derivatives or reverse repurchase agreements and the School District has never invested in derivatives or reverse repurchase agreements.

**State Aid**

The District receives financial assistance from the State. In its adopted budget for the 2021-2022 fiscal year, approximately 60.78% 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.

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.

The Tax Cuts and Jobs Act also made extensive changes to the deductibility of various taxes, including placing a cap of $10,000 on a taxpayer's deduction of state and local taxes (the "SALT Deduction Limitation"). While it cannot yet be predicted what precise effects the SALT Deduction Limitation will have for the State, it is possible that government officials at both the State and local level may find it politically more difficult to raise new revenues via tax increases, since the deduction thereof, for taxpayers who itemize deductions, is now limited.

*Federal aid received by the State.*

President Biden has signed into law the American Rescue Plan, a $1.9 trillion COVID-19 relief package that includes $350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional $1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

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.

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.

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.

*Building Aid*

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

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. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2021-2022 preliminary building aid ratios, the District expects to receive State building aid of approximately 97.5% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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.

*State aid history*

State aid to school districts within the State had declined in some prior years before increasing more recently

*School district fiscal year (2016-2017):* The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

<u>Gap Elimination Adjustment (GEA).</u> The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $4.1 million. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

*School district fiscal year (2017-2018):* The State 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

*School district fiscal year (2018-2019):* The State's 2018-2019 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately $859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at $26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. $50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-2019.

*School district fiscal year (2019-2020):* The State's 2019-2020 Enacted Budget includes a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6 percent and will provide additional funding for Foundation Aid of $338.0 million and $409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by $49.99 million to a total of $250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-2020 Enacted Budget increases the minimum community schools funding amount from $75,000 to $100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

*School district fiscal year (2020-2021):* Due to the extraordinary challenges from the COVID-19 health crisis creating a significant loss in revenue to the State, the State's Enacted 2020-2021 Budget includes a total of $27.9 billion State aid, which is essentially the same amount of State aid to school districts included in the State's 2019-2020 Enacted Budget. The State's Enacted 2020-2021 Budget includes a "pandemic adjustment" for each school district, a reduction in State funding that will match how much school districts expect to receive from the federal CARES stimulus program. In addition, the State's Enacted 2020-2021 Budget authorizes the State Budget Director to make uniform reductions to appropriations (including the appropriations for State aid to school districts) if the State's Enacted 2020-2021 Budget becomes unbalanced because revenues fall below projections or expenditures rise above projections during a given period. The proposed reductions would be shared with the Legislature which would then have 10 days to prepare and adopt their own plan. If the Legislature does not do so, the Budget Director's proposed reductions would go into effect automatically.

*School district fiscal year (2021-2022)*: The State's 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.

*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.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date but is projected as described below.

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 CFE 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 Kathy 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 this much-needed funding to our students. 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 historic Campaign for Fiscal Equity cases, and had 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 State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: $19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately $21.3 billion, covering 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

**State Aid Revenues**

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

| Fiscal Year | Total Revenues | Total State Aid | Percentage of Total Revenues Consisting of State Aid |
|---|---|---|---|
| 2016-2017 | $ 22,316,803 | $ 13,034,888 | 58.41% |
| 2017-2018 | 21,711,976 | 12,325,104 | 56.77 |
| 2018-2019 | 22,037,516 | 12,475,008 | 56.61 |
| 2019-2020 | 22,498,423 | 13,125,749 | 58.34 |
| 2020-2021 | 22,975,235 | 12,749,101 | 55.49 |
| 2021-2022 (Budgeted) | 26,188,901 | 15,918,975 | 60.78 |

Source: Audited financial statements for the 2016-2017 fiscal year through and including the 2020-2021 fiscal year, and the budget of the District for the 2021-2022 fiscal year. This table is not audited.

**District Facilities**

The School District currently operates the following facilities:

| Name | Grades | Year (s) Built |
|---|---|---|
| Benton Hall Elementary School | K-5 | 1895, 1898, 1929, 1997, 2020 |
| Middle School/High School | 6-12 | 1968; 1976, 1995, 2003, 2020 |

Source: District officials.

**Enrollment Trends**

| School Year | Actual Enrollment | School Year | Projected Enrollment |
|---|---|---|---|
| 2017-18 | 1,155 | 2022-23 | 1,210 |
| 2018-19 | 1,108 | 2023-24 | 1,241 |
| 2019-20 | 1,124 | 2024-25 | 1,272 |
| 2020-21 | 1,089 | 2025-26 | 1,302 |
| 2021-22 | 1,112 | 2026-27 | 1,305 |

Source: District officials.

**Employees**

The School District employs a total of 195 full time and 15 part time employees. The collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreement are as follows:

| Number of Employees | Union Representation | Contract Expiration Date |
|---|---|---|
| 126 | NYSUT, Teachers | June 30, 2025 |
| 4 | SAANYS, Administrators | June 30, 2025 |
| 46 | CSEA, Clerical/Custodian | June 30, 2023 |
| 27 | CSEA, Teacher Aides | June 30, 2023 |
| 7 | CSEA, Bus Drivers | June 30, 2023 |

**Status and Financing of Employee Pension Benefits**

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. 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 and TRS employees to continue contributing 3.5% 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.

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 will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2021-2022 fiscal year are as follows:

| Fiscal Year | ERS | TRS |
|---|---|---|
| 2016-2017 | $ 383,122 | $ 761,638 |
| 2017-2018 | 409,981 | 690,918 |
| 2018-2019 | 412,118 | 836,391 |
| 2019-2020 | 412,118 | 824,077 |
| 2019-2020 | 400,359 | 711,040 |
| 2021-2022 (Budgeted) | 428,488 | 725,000 |

Source: District officials.

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually.

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 offered an incentive in the 2017-2018 fiscal year, but no employees participated. The District currently does not offer 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 (2018 to 2022) is shown below:

| Fiscal Year | ERS | TRS |
|---|---|---|
| 2017-18 | 15.3% | 9.80% |
| 2018-19 | 14.9 | 10.62 |
| 2019-20 | 14.6 | 8.86 |
| 2020-21 | 14.6 | 9.53 |
| 2021-22 | 16.2 | 9.80 |

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 the 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 14% 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, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve 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 has established a TRS fund and funded it with $155,750 to date.

*Retirement System Assumptions*. The investment of monies and assumptions underlying same, of the Retirement Systems covering the School District's employees is not subject to the direction of the School 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 School 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**

*Healthcare Benefits*. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by 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, disability benefits and OPEB consist 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*. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

The District contracted with an actuarial firm to calculate its actuarial valuation under GASB 75.

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The following table outlines the changes to the Total OPEB Liability during the 2020 and 2021 fiscal years, by source.

| Balance beginning at: | June 30, 2019 | June 30, 2020 |
|---|---|---|
| | $ 45,638,599 | $ 50,425,588 |
| Changes for the year: | | |
| Service cost | 1,540,763 | 1,643,100 |
| Interest on total OPEB liability | 1,799,275 | 1,796,559 |
| Changes in Benefit Terms | - | - |
| Differences between expected and actual experience | - | (224,410) |
| Changes in Assumptions or other inputs | 2,819,911 | 13,057,117 |
| Benefit payments | (1,372,960) | (1,476,935) |
| Net Changes | $ 4,786,989 | $ 14,795,431 |
| Balance ending at: | June 30, 2020 | June 30, 2020 |
| | **$ 50,425,588** | **$ 65,221,019** |

Source: Audited financial statements of the District. The above table is not audited. For additional information regarding the District's OPEB liability see "APPENDIX – E" attached hereto.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved $0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

**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 to be issued is the Education Law and the Local Finance Law.

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Bonds as provided in Title 6 of Article 2 of the Local Finance Law.

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

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

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

**Financial Statements**

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2021 and is attached hereto as "APPENDIX – E". Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the 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 Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

**New York State Comptroller Reports 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 May 27, 2016. The purpose of the audit was to evaluate the District's leave accrual procedures for the period July 1, 2014 through December 31, 2015. Key findings and recommendations of the audit report are summarized below:

<u>Key Findings:</u>

- District employees received and used leave accruals in accordance with individual employee contracts and collective bargaining agreements.

<u>Key Recommendations:</u>

- There were no recommendations as a result of the audit.

The District provided a complete response to the State Comptroller's office on April 18, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

The State Comptroller's office released its most recent audit report of the District on June 14, 2019. The purpose of the audit was to determine whether the Board and District officials effectively managed financial condition and fund balance for the period from July 1, 2017 to October 31, 2018. Key findings and recommendations of the audit report are summarized below:

<u>Key Findings:</u>

- For the last three completed fiscal years (2015-16 through 2017-18) surplus fund balance exceeded the statutory limit by $1.15 to $1.83 million or 5.3 to 8.5 percentage points.
- The District has generated operating surpluses totaling approximately $1.5 million over the last three fiscal years. Although total budget variances were generally reasonable, District officials failed to use surplus funds in a manner that benefits the taxpayers and reduces the surplus fund balance.
- District officials have not developed a comprehensive multiyear financial plan.

<u>Key Recommendations:</u>

- Reduce the surplus fund balance to within the statutory limit and use the surplus funds to finance one-time expenditures or needed reserves, pay off debt or reduce property taxes.
- Develop a comprehensive multiyear financial plan.

The District provided a complete response to the State Comptroller's office on May 15, 2019. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

As of the date of this Official Statement, there are no State Comptrollers audits of the District that are currently in progress or pending release.

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

**The State Comptroller's Fiscal Stress Monitoring System**

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality 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 the State Comptroller for the 2016 through 2020 fiscal years of the District are as follows:

| Fiscal Year Ending In | Stress Designation | Fiscal Score |
|---|---|---|
| 2020 | No Designation | 6.7 |
| 2019 | No Designation | 3.3 |
| 2018 | No Designation | 0.0 |
| 2017 | No Designation | 0.0 |
| 2016 | No Designation | 6.7 |

The Fiscal Score for fiscal year ending June 30, 2021 has not been calculated as of the date of this Official Statement

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

## TAX INFORMATION

**Taxable Assessed Valuations**

Total Taxable Assessed Valuations:

| Years Ending June 30: | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| | $ 143,157,625 | $ 143,628,299 | $ 143,689,166 | $ 144,898,655 | $ 145,832,077 |

Full Valuation Computed Using Regular State Equalization Rates:

| Years Ending June 30: | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| | $ 305,713,896 | $ 309,417,681 | $ 319,490,546 | $ 331,563,709 | $ 352,584,407 |

Full Valuation Computed Using Special State Equalization Ratios:

| Years Ending June 30: | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| | $ 317,686,043 | $ 330,352,659 | $ 332,013,181 | $ 334,535,774 | N/A |

(1) Please refer to "APPENDIX – C – C1" for greater detail of assessed values, equalization ratios and calculation of full value. Special State equalization ratios are used solely for purposes of computing the School District's constitutional debt limit.

**Tax Rate Per $1,000 (Assessed)**

| Years Ending June 30: | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| City of: | | | | | |
| Little Falls | $ 141.27 | $ 139.62 | $ 144.50 | $ 150.12 | $ 155.50 |
| Towns of: | | | | | |
| Danube | 34.75 | 35.26 | 35.20 | 35.56 | 35.64 |
| Fairfield | 36.22 | 36.74 | 36.74 | 36.03 | 34.67 |
| Herkimer | 30.06 | 29.83 | 30.34 | 29.86 | 29.66 |
| Little Falls | 37.67 | 37.73 | 38.13 | 37.80 | 36.65 |
| Manheim | 40.36 | 41.68 | 40.98 | 40.94 | 39.78 |
| Stark | 47.64 | 48.23 | 49.29 | 49.13 | 48.32 |

**Tax Collection Procedure**

Tax payments are due September 1 of each year. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged for the next 30 days. On November 1 uncollected taxes are returnable to the County for collection. The School District receives this amount from the County prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

**Tax Levy and Tax Collection Record**

| Years Ending June 30: | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Total Tax Levy | $ 8,637,397 | $ 8,637,397 | $ 8,786,172 | $ 8,959,488 | $ 9,046,365 |
| Amount Uncollected | 1,049,846 | 888,299 | 1,236,767 | 709,551 | N/A |
| % Uncollected (1) | 8.51% | 10.2% | 14.1% | 9.21% | N/A |

(1) The District is reimbursed by the County for all unpaid taxes. See "Tax Collection Procedure" herein.

**Real Property Tax Revenues**

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

| Fiscal Year | Total Revenues | Total Real Property Taxes & Tax Items | Percentage of Total Revenues Consisting of Real Property Tax |
|---|---|---|---|
| 2016-2017 | $ 22,316,803 | $ 8,786,552 | 39.37% |
| 2017-2018 | 21,711,976 | 8,785,922 | 40.47 |
| 2018-2019 | 22,037,516 | 8,796,834 | 39.92 |
| 2019-2020 | 22,498,423 | 8,974,084 | 39.89 |
| 2020-2021 | 22,975,235 | 9,187,392 | 39.99 |
| 2021-2022 (Budgeted) | 26,188,901 | 9,287,556 | 35.46 |

Source: Audited financial statements for the 2016-2017 fiscal year through and including the 2020-2021 fiscal year, and the budget of the District for the 2021-2022 fiscal year. This table is not audited.

**Ten Largest Taxpayers - 2021 Assessment Roll for 2021-22 Tax Roll**

| Name | Type | Taxable Full Valuation |
|---|---|---|
| Xpress Natural Gas, LLC | Energy | $ 5,400,000 |
| National Grid | Utility | 4,924,900 |
| Iroquois Gas Co. | Utility | 2,997,063 |
| CSX Transportation, Inc. | Transportation | 2,178,343 |
| Eagle Creek Renewable Energy, LLC | Energy | 1,568,700 |
| 575 East Mill Street, LLC | Manufacturer | 839,900 |
| Twin Rivers Paper Corp. | Manufacturing | 748,000 |
| Verizon | Utility | 704,563 |
| YEY Group, LLC | Commercial | 569,470 |
| MMM Holdings | Manufacturing | 400,000 |

The larger taxpayers listed above have a total estimated full valuation of $20,330,939 which represents 5.77% of the tax base of the School District.

The District experiences the impact of tax certiorari filings on a regular basis for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings are within acceptable norms and are not anticipated or believed to have a material impact on the District's finances.

Source: District Tax Rolls.

**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 undisclosed retirement annuities ("STAR Adjusted Gross Income") of $90,550 or less for 2021, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of $500,000 are eligible for a "basic" exemption on their primary residence.

The 2020-21 State Budget withheld STAR benefits to taxpayers who are delinquent in the payment of their school taxes and lowers the income limit for the exemption to $200,000, compared with a $500,000 limit for the credit.

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

| **Municipality:** | **Enhanced Exemption** | **Basic Exemption** | **Date Certified** |
|---|---|---|---|
| City of Little Falls | $ 12,730 | $ 5,400 | 4/9/2021 |
| Town of Danube | 53,730 | 22,800 | 4/9/2021 |
| Town of Fairfield | 53,030 | 22,500 | 4/9/2021 |
| Town of Herkimer | 63,980 | 27,150 | 4/9/2021 |
| Town of Little Falls | 50,550 | 21,450 | 4/9/2021 |
| Town of Manheim | 46,660 | 19,800 | 4/9/2021 |
| Town of Stark | 38,890 | 16,500 | 4/9/2021 |

Approximately $1,483,703 of the District's $8,959,488 school tax levy for 2020-2021 is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State by January, 2021.

Approximately $1,436,958 of the District's $9,046,365 school tax levy for 2021-2022 is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State by January, 2022.

**Additional Tax Information**

Real property located in the School District is assessed by the Towns.

Senior citizens' exemptions are offered to those who qualify.

The total valuation of the School District is estimated to be categorized as follows: Residential-60%, Commercial-40%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the School District is approximately $4,567 including County, Town, School District and Fire District taxes.

## TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor ("Chapter 97" or the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective City.)

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget 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").

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020; however, recent legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, 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, applicable to the Notes.

See "State Aid" for a discussion of the New Yorkers for Students' Educational Rights v. State of New York case which includes a challenge to the supermajority requirements regarding school district property tax increases.

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 federal 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.

## 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 authorized and utilized, no installment maybe more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

### Statutory Procedure

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

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate 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 such as State aid for building purposes. The statutory method for determining full valuation is by taking assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio shall be determined.

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 School 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 School District has complied with this estoppel procedure in connection with the Notes.

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

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

**Debt Outstanding End of Fiscal Year**

| Fiscal Years Ending June 30th: | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Bonds | $ 3,962,682 | $ 3,565,462 | $ 3,009,386 | $ 2,305,891 | $ 1,868,365 |
| Bond Anticipation Notes | 0 | 0 | 1,600,000 | 5,800,000 | 29,306,330 |
| Total Debt Outstanding | $ 3,962,682 | $ 3,565,462 | $ 4,609,386 | $ 8,105,891 | $ 31,174,695 |

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of January 13, 2022.

| Type of Indebtedness | Maturity | Amount |
|---|---|---|
| Bonds | 2022-2025 | $ 1,940,233 |
| Bond Anticipation Notes | | |
| Various Capital Improvements | February 4, 2022 | 29,306,330 |
| | Total Indebtedness | $ 31,246,563 |

**Debt Statement Summary**

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of January 13, 2022:

| | Computed Using Regular State Equalization Rates | Computed Using Special State Equalization Ratios |
|---|---|---|
| Five-Year Average Full Valuation of Taxable Real Property [1] | $ 323,754,047 | $ 324,359,096 |
| Debt Limit 5% thereof | 16,187,702 | 16,217,954 |
| Inclusions: | | |
| Bonds | $ 1,940,233 | $ 1,940,233 |
| Bond Anticipation Notes | 29,306,330 | 29,306,330 |
| Tax Anticipation Notes | 0 | 0 |
| Revenue Anticipation Notes | 0 | 0 |
| Total Inclusions | $ 31,246,563 | $ 31,246,563 |
| Exclusions: | | |
| Appropriations | $ 465,000 | $ 465,000 |
| Tax Anticipation Notes | 0 | 0 |
| Revenue Anticipation Notes | 0 | 0 |
| Total Exclusions | $ 465,000 | $ 465,000 |
| Total Net Indebtedness [1] [2] | $ 30,781,563 | $ 30,781,563 |
| Net Debt-Contracting Margin [3] | $ (14,593,861) | $ (14,563,609) |
| The percent of debt contracting power exhausted is | 190.15% | 189.80% |

(1) The District's constitutional debt limit has been computed using special equalization ratios established by the State Office of Real Property Services pursuant to Art-12-B of the Real Property Tax Law. Conventional State equalization rates are also established by said Office of Real Property Services, and are used for all other purposes. See "TAX INFORMATION – Taxable Assessed Valuations" herein or “APPENDIX – C – C1” attached hereto.

(2) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the District receives aid on existing bonded debt. The District, as a school district located in a city, may not under Section 121.20 of the Local Finance Law exclude from gross indebtedness estimated State aid for School building purposes. As noted above, the District receives New York State debt service building aid in an amount approximating 97.5% of its outstanding debt. The 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 District will receive.

(3) The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the constitutional debt limit of the District.

Note: The District received consent to exceed its debt limit for the project for which the Bonds are being issued by the State Education Department on October 19, 2020 and from the Office of the State Comptroller on November 20, 2020.

**Bonded Debt Service**

A schedule of the District's bonded debt service is attached as "APPENDIX-B".

**Cash Flow Borrowing**

The School District has not issued tax and/or revenue anticipation notes in the past five fiscal years, and does not plan on issuing any in the foreseeable future.

**Capital Project Plans**

On May 15, 2018, qualified voters of the District authorized a $29,900,000 capital project to pay the cost of certain reconstruction, renovation, and new construction projects to Benton Hall Academy, the Middle/High School and the District Bus Garage Facility. On February 7, 2019, the District issued $1,600,000 bond anticipation notes. The District renewed the bond anticipation notes that matured February 7, 2020 and issued $4,200,000 new money for the aforementioned purpose. The District issued an additional $6,500,000 bond anticipation notes on July 16, 2020 and $10,000,0000 on December 10, 2020. The District received consent to exceed its debt limit for the project for which the Notes are being issued by the State Education Department on October 19, 2020 and from the Office of the State Comptroller on November 20, 2020. On February 4, 2021 the District issued $29,306,330 bond anticipation notes, which along with $25,000 available funds of the District partially redeemed and renewed the $22,300,000 bond anticipation notes maturing February 5, 2021. The proceeds of the Bonds along with $1,150,000 available funds of the District will permanently finance the $29,306,330 bond anticipation notes maturing February 4, 2022.

On May 18, 2021 the qualified voters of the District authorized the issuance of $135,220 bonds for the purchase of buses. The District issued $132,189 bonds for the purchase of buses on December 22, 2021.

Other than as stated above, there are no other capital projects authorized or unissued by the District, nor are any contemplated.

**Estimated Overlapping Indebtedness**

In addition to the School District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the School District. The estimated outstanding indebtedness of such political subdivisions is as follows:

| Municipality | Status of Debt as of | Gross Indebtedness (1) | Exclusions (2) | Net Indebtedness | District Share | Applicable Indebtedness |
|---|---|---|---|---|---|---|
| County of: | | | | | | |
| Herkimer | 12/31/2019 | $ 22,455,000 | $ - | $ 22,455,000 | 6.60% | $ 1,482,030 |
| City of: | | | | | | |
| Little Falls | 12/31/2019 | 5,980,544 | 3,425,729 | 2,554,815 | 100.00% | 2,554,815 |
| Town of: | | | | | | |
| Danube | 12/31/2019 | 148,070 | 148,070 | - | 64.48% | - |
| Fairfield | 12/31/2019 | 74,000 | - | 74,000 | 3.20% | 2,368 |
| Herkimer | 12/31/2019 | 807,263 | - | 807,263 | 0.60% | 4,844 |
| Little Falls | 12/31/2019 | 160,000 | - | 160,000 | 71.58% | 114,528 |
| Manheim | 12/31/2019 | 220,000 | - | 220,000 | 24.82% | 54,604 |
| Stark | 12/31/2019 | 196,271 | 71,771 | 124,500 | 1.53% | 1,905 |
| | | | | | Total: | $ 4,215,093 |

Notes:

(1) Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.

(2) Water and sewer debt and / or appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Note: The 2021 Comptroller's Special Report is currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2019.

**Debt Ratios**

The following table sets forth certain ratios relating to the District's indebtedness as of January 13, 2022:

| | Amount | Per Capita [a] | Percentage of Full Value [b] |
|---|---|---|---|
| Net Indebtedness [c] ...................................................................... | $ 30,781,563 | $ 4,594.26 | 8.73% |
| Net Indebtedness Plus Net Overlapping Indebtedness [d] ............ | 34,996,656 | 5,223.38 | 9.93 |

[a] The current estimated population of the District is 6,700. (See "THE SCHOOL DISTRICT – Population" herein.)

[b] The District's full value of taxable real estate for the 2021-2022 fiscal year using regular state equalization rates is $352,584,407. (See "TAX INFORMATION – Taxable Assessed Valuations" herein or "APPENDIX – C – C1" attached hereto.)

[c] See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.

[d] Estimated net overlapping indebtedness is $4,215,093. (See "Estimated Overlapping Indebtedness" herein.)

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

**State Aid Intercept For School Districts.** 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 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 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, then 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 District and the holder thereof. Under current law, provision is made for contract creditors of the 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 District upon any judgment 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 judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the 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 for 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 VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and 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. See "General Municipal Law Contract Creditors' Provision" herein.

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 continuation of essential public services prior to the payment of debt service.

**No Past Due Debt.** No principal of or interest on District indebtedness is past due. The District 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 events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the School District as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the School District's control. There can be no assurance that adverse events in the State or 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 of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the School 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 School 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 School District, in any year, the School District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the School District. In several recent years, the School 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").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the School District, could have an impact upon the market price of the Bonds. See "TAX LEVY LIMITATION LAW" herein.

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

Disease outbreaks or similar public health threats could have an adverse impact on the District's financial condition and operating results. See "COVID-19" herein for a discussion of the impacts of the COVID-19 pandemic, which is expected to have a significant adverse effect on the District's finances.

**Cybersecurity**

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

## COVID-19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020.

**Economic Impacts**

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. As almost all nations have experienced a rise in infections and implemented containment measures that in the case of some nations (including the United States) have been drastic, economies have suffered in the extreme. The full impact is difficult to predict due to uncertainties regarding the duration and severity of the COVID-19 pandemic.

While initially the hospitality and tourism industries were hardest hit, within a short period of time there was widespread unemployment across all economic sectors in the United States.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic initially caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve have taken significant steps to backstop those markets and to provide much-needed liquidity, and markets have since generally stabilized. Still, given these conditions, it is possible that the process of trading the Bonds in the secondary market could be affected in ways that are difficult to predict.

**Federal Response**

The federal government passed several pieces of legislation in response to the COVID-19 pandemic including the $2.3 trillion Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which attempted to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Efforts for State and Local Governments: The CARES Act included a $150 billion Coronavirus Relief Fund, which provided funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations can receive monies from the amount allocated to their state). The money was intended for programs that were necessary expenditures incurred due to the public health emergency resulting from the pandemic. The money was not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it may have indirectly assisted with revenue shortfalls in cases where the expenses that were being covered by this fund would otherwise create a further budget shortfall. Because the money was targeted to larger governmental units, it is unlikely that the District benefited directly from this program. Additionally, the recently enacted Coronavirus Response and Relief Supplemental Appropriations Act, 2021, did not include any direct funding for state and local governments.

President Biden has signed into law the American Rescue Plan, a $1.9 trillion COVID-19 relief package that includes $350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional $1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

Although the American Rescue Plan provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

**State Response**

Executive Orders: Governor Cuomo has released a number of executive orders in response to the COVID-19 pandemic, including various mandates requiring "non-essential" employees to work from home. Starting on May 15, 2020, regions of the State that met certain criteria were allowed to begin reopening. Reopening occurred in phases, with different industries allowed to open in each phase. However, in response to rising COVID-19 infection rates, Governor Cuomo announced a new cluster action initiative in October of 2020. Working with public health experts, the State developed a science-based approach to contain these clusters and stop any further spread of the virus, including new rules and restrictions directly targeted to areas with the highest concentration of COVID cases and surrounding communities. The initiative will divide clusters and surrounding areas into three categories with successively higher restrictions within each category: Yellow Zone (precautionary), Orange Zone (warning) and Red Zone (cluster itself). See https://forward.ny.gov/ for more details on the relevant industry-specific guidelines provided by the Department of Health for each cluster zone. Reference to website implies no warranty of accuracy of information therein.

State Budget: The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses.

To mitigate a potential budget gap, the State's adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State's general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director's plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances.

On April 25, 2020, the State Division of the Budget (the "DOB") announced the release of the State's Fiscal Year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), which projected a $13.3 billion (14%) shortfall in State revenues from the Executive Budget Forecast that was released in January and estimated a $61 billion decline through Fiscal Year 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by $10.1 billion from the Executive Budget. This represents a $7.3 billion reduction in State spending from FY 2020 levels.

On October 30, 2020, the DOB released the FY 2021 Mid-Year State Budget Financial Plan Update, with a revised projection of a $14.9 billion shortfall, over $1.6 billion more than was projected in April. The updated Financial Plan also noted that, in the absence of additional federal aid, the DOB began withholding 20 percent of most local aid payments in June, pursuant to the withholding authority granted in the fiscal year 2021 enacted budget. As of the date of this Official Statement, the DOB has not converted such withholds to permanent reductions, but the DOB has stated that such a conversion may be made depending on the size and timing of new federal aid, if any.

Negotiations for additional federal aid to states and local governments have stalled; therefore, the extent of future COVID-19-related direct federal financial relief, if any, to states, localities and school districts cannot be predicted. Reductions in the payment of State aid could adversely affect the financial condition of municipalities in the State, including the District.

Legislation Allowing Financial Flexibility for Municipalities and School Districts: On August 24, 2020, Governor Cuomo signed legislation allowing municipalities and school districts additional financial flexibility in response to the COVID-19 pandemic. Whereas municipalities and school districts in the State typically may only pursue short-term financing for five years, under certain circumstances the new legislation allows an additional two years prior to converting to long-term bonds.

The new legislation also allows municipalities and school districts additional flexibility related to the use of reserve funds or inter-fund transfers for costs associated with COVID-19. The typical mandatory or permissive referendum requirements for the expenditure of funds from a capital reserve fund have been waived for capital costs attributable to the COVID-19 pandemic. Moneys from a capital reserve fund can also be temporarily advanced for operating costs or other costs attributable to the COVID-19 pandemic, so long as such moneys are repaid within five fiscal years, with interest. Additionally, while inter-fund transfers must typically be repaid by the end of the fiscal year in which the transfer is made, inter-fund advances for costs attributable to the COVID-19 pandemic do not need to be repaid until the close of the following fiscal year.

## CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Bonds are purchased for the purchaser's own account, as principal for investment and not for resale, the District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as "APPENDIX – D."

The District has established procedures to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board ("MSRB") established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through the Electronic Municipal Market Access System ("EMMA").

A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Bonds as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

## TAX MATTERS

### The Bonds

Hodgson Russ LLP, of Albany, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Bonds is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"). However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance of the Bonds. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

### Tax Requirements

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Bonds from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code Sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the tax compliance certificate and non arbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Bonds (collectively, the "Tax Certificate") establishes the requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Bonds remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1 The requirement that the proceeds of the Bonds be used in a manner so that the Bonds are not obligations which meet the definition of a "private activity bond" within the meaning of Code Section 141;

2 The requirements contained in Code Section 148 relating to arbitrage bonds; and

3 The requirements that payment of principal or interest on the Bonds not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

In the Tax Certificate, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes from the date of issuance of the Bonds. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

**Bank Qualified**

The Bonds will NOT be designated as "qualified tax-exempt obligations" pursuant to Code Section 265.

**Other Impacts**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Bonds may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

**Information Reporting and Backup Withholding**

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Bonds from gross income for federal income tax purposes.

**Future Legislation**

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

No representation is made as to the likelihood of such proposals being enacted, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Bonds or the tax consequences of ownership of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices set indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

**New York State Taxes**

In the opinion of Bond Counsel, interest on the Bonds is exempt, under existing statutes, from New York State and New York City personal income taxes.

**Miscellaneous**

All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Bonds regarding the tax status of the interest thereon in the event of an audit examination by the Service.

ALL PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE BONDS.

## LEGAL MATTERS

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinion of Hodgson Russ LLP, Bond Counsel, Albany, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable 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 the statutory limitation imposed by the Tax Levy Limitation Law, (ii) 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; and (iii) interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions of Bond Counsel set forth in (iii) above are 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 has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds. It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases. See “TAX LEVY LIMITATION LAW” herein.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's 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 therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the District, together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Bonds as the same respectively become due and payable; (iv) reference should be made to this Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the 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.

## LITIGATION

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

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

## BOND RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned their rating of “A+” with a stable outlook to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating, and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390

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

## MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial 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. 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. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Bonds.

## CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the District provided, however; the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## 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.

Hodgson Russ LLP, Albany, New York, Bond Counsel to the District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the 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.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, 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 District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the 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. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District's contact information is as follows: Mr. Ashraf Allam, Director of Business Operations and Technology, 15 Petrie Street, Little Falls, New York telephone (315) 823-1470, fax (315) 823-0321, email aallam@lfcsd.org.

The contact information for the District's Bond Counsel is as follows: Mr. A. Joseph Scott, III, Hodgson Russ LLP, 677 Broadway, Suite 301, Albany, NY 12207, telephone (518) 465- 2333, e-mail ascott@hodgsonruss.com.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com

**CITY SCHOOL DISTRICT OF THE CITY OF LITTLE FALLS**

**Dated: January 13, 2022**

**FRANK MENDL**
**PRESIDENT OF THE BOARD OF EDUCATION AND**
**CHIEF FISCAL OFFICER**

## GENERAL FUND

### Balance Sheets

| Fiscal Years Ending June 30: | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Unrestricted Cash | $ 2,484,122 | $ 2,294,093 | $ 1,437,308 | $ 1,001,861 | $ 2,483,772 |
| Restricted Cash | 73,776 | 225,000 | 278,947 | 555,122 | 1,314,365 |
| Due from Other Funds | 577,645 | 283,234 | 1,162,021 | 1,499,246 | 607,771 |
| Due from Fiduciary Funds | 698 | 28 | 380,976 | 381,116 | - |
| State and Federal Aid Receivable | 869,171 | 1,318,248 | 1,192,651 | 257,963 | 595,360 |
| Due from Other Governments | - | - | - | 704,703 | 741,125 |
| Other Receivables | 71,257 | 81,896 | 182,995 | 5,642 | 108,564 |
| TOTAL ASSETS | $ 4,076,669 | $ 4,202,499 | $ 4,634,898 | $ 4,405,653 | $ 5,850,957 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Accounts Payable | $ 90,855 | $ 322,762 | $ 344,769 | $ 32,671 | $ 259,595 |
| Accrued Liabilities | - | - | - | 80,408 | 114,940 |
| Notes and Loans Payable | - | - | - | - | - |
| Due to Other Funds | 73,776 | 26,179 | 53,947 | 29,066 | 412,731 |
| Due to Teachers' Retirement System | 855,082 | 98,666 | 98,666 | 737,696 | 756,518 |
| Due to Employees' Retirement System | 94,590 | 781,718 | 876,018 | 98,666 | 107,256 |
| Overpayments | - | - | - | - | 70,004 |
| Deferred Revenue | - | - | - | - | - |
| TOTAL LIABILITIES | $ 1,114,303 | $ 1,229,325 | $ 1,373,400 | $ 978,507 | $ 1,721,044 |
| FUND EQUITY | | | | | |
| Nonspendable | $ - | $ - | $ - | $ - | $ - |
| Restricted | - | 225,000 | 225,000 | 555,122 | 555,561 |
| Assigned | 280,858 | 510,368 | 257,503 | 291,042 | 71,759 |
| Unassigned | 2,681,508 | 2,237,806 | 2,778,995 | 2,580,982 | 3,502,593 |
| TOTAL FUND EQUITY | 2,962,366 | 2,973,174 | 3,261,498 | 3,427,146 | 4,129,913 |
| TOTAL LIABILITIES and FUND EQUITY | $ 4,076,669 | $ 4,202,499 | $ 4,634,898 | $ 4,405,653 | $ 5,850,957 |

Source: Audited financial reports of the School District. This Appendix is not itself audited.

## GENERAL FUND

### Revenues, Expenditures and Changes in Fund Balance

| Fiscal Years Ending June 30: | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Real Property Taxes | $ 6,961,961 | $ 6,999,454 | $ 7,025,134 | $ 7,279,267 | $ 7,482,072 |
| Real Property Tax Items | 1,824,591 | 1,786,468 | 1,771,700 | 1,694,817 | 1,705,320 |
| Charges for Services | 110,621 | 132,927 | 120,689 | 63,140 | 83,932 |
| Use of Money & Property | 26,645 | 52,404 | 60,605 | 33,009 | 25,260 |
| Sale of Property and Compensation for Loss | 4,876 | 277 | 5,445 | 11,590 | 17,706 |
| Miscellaneous | 278,269 | 352,003 | 427,336 | 226,505 | 457,949 |
| Revenues from State Sources | 13,034,888 | 12,325,104 | 12,475,008 | 13,125,749 | 12,749,101 |
| Revenues from Federal Sources | 74,952 | 63,339 | 151,599 | 64,346 | 453,895 |
| Total Revenues | $ 22,316,803 | $ 21,711,976 | $ 22,037,516 | $ 22,498,423 | $ 22,975,235 |
| Other Sources: | | | | | |
| Interfund Transfers | - | - | - | - | - |
| Total Revenues and Other Sources | $ 22,316,803 | $ 21,711,976 | $ 22,037,516 | $ 22,498,423 | $ 22,975,235 |
| EXPENDITURES | | | | | |
| General Support | $ 2,976,533 | $ 3,329,852 | $ 2,874,274 | $ 2,998,845 | $ 2,863,297 |
| Instruction | 9,637,199 | 10,597,943 | 10,530,167 | 10,824,649 | 10,763,521 |
| Pupil Transportation | 1,056,048 | 1,044,608 | 1,090,377 | 1,159,900 | 1,103,259 |
| Community Services | - | - | - | - | - |
| Employee Benefits | 6,018,869 | 6,039,964 | 6,492,662 | 6,685,449 | 6,878,310 |
| Debt Service | 1,820,167 | 670,951 | 691,078 | 644,021 | 658,135 |
| Total Expenditures | $ 21,508,816 | $ 21,683,318 | $ 21,678,558 | $ 22,312,864 | $ 22,266,522 |
| Other Uses: | | | | | |
| Interfund Transfers | 26,851 | 17,850 | 70,634 | 19,911 | 5,946 |
| Total Expenditures and Other Uses | $ 21,535,667 | $ 21,701,168 | $ 21,749,192 | $ 22,332,775 | $ 22,272,468 |
| Excess (Deficit) Revenues Over Expenditures | 781,136 | 10,808 | 288,324 | 165,648 | 702,767 |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 2,181,230 | 2,962,366 | 2,973,174 | 3,261,498 | 3,427,146 |
| Prior Period Adjustments (net) (1) | - | - | - | - | - |
| Fund Balance - End of Year | $ 2,962,366 | $ 2,973,174 | $ 3,261,498 | $ 3,427,146 | $ 4,129,913 |

Source: Audited financial reports of the School District. This Appendix is not itself audited.

## GENERAL FUND

### Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

| Fiscal Years Ending June 30: | 2021 Adopted Budget | 2021 Modified Budget | 2021 Actual | 2022 Adopted Budget |
|---|---|---|---|---|
| REVENUES | | | | |
| Real Property Taxes | $ 8,959,487 | $ 8,959,488 | $ 7,482,072 | $ 9,046,364 |
| Real Property Tax Items | 192,572 | 192,572 | 1,705,320 | 241,192 |
| Charges for Services | 115,000 | 115,000 | 83,932 | 115,000 |
| Use of Money & Property | 30,000 | 30,000 | 25,260 | 30,000 |
| Sale of Property and Compensation for Loss | - | - | 17,706 | 200,000 |
| Miscellaneous | 425,000 | 425,000 | 457,949 | 221,000 |
| Revenues from State Sources | 12,427,186 | 12,427,186 | 12,749,101 | 15,918,975 |
| Revenues from Federal Sources | 60,000 | 432,691 | 453,895 | 60,000 |
| Total Revenues | $ 22,209,245 | $ 22,581,937 | $ 22,975,235 | $ 25,832,531 |
| Other Sources: | | | | |
| Interfund Transfers | - | 60,000 | - | 356,370 |
| Total Revenues and Other Sources | $ 22,209,245 | $ 22,641,937 | $ 22,975,235 | $ 26,188,901 |
| EXPENDITURES | | | | |
| General Support | $ 3,134,686 | $ 3,006,176 | $ 2,863,297 | $ 3,238,872 |
| Instruction | 10,080,778 | 10,899,200 | 10,763,521 | 11,001,162 |
| Pupil Transportation | 1,218,964 | 1,122,235 | 1,103,259 | 1,243,760 |
| Community Services | - | - | - | - |
| Employee Benefits | 7,224,189 | 7,235,231 | 6,878,310 | 7,446,835 |
| Debt Service | 631,462 | 658,137 | 658,135 | 3,258,272 |
| Total Expenditures | $ 22,290,079 | $ 22,920,979 | $ 22,266,522 | $ 26,188,901 |
| Other Uses: | | | | |
| Interfund Transfers | 209,166 | 12,000 | 5,946 | - |
| Total Expenditures and Other Uses | $ 22,499,245 | $ 22,932,979 | $ 22,272,468 | $ 26,188,901 |
| Excess (Deficit) Revenues Over Expenditures | (290,000) | (291,042) | 702,767 | - |
| FUND BALANCE | | | | |
| Fund Balance - Beginning of Year | 290,000 | 291,042 | 3,427,146 | - |
| Prior Period Adjustments (net) | - | - | - | - |
| Fund Balance - End of Year | $ - | $ - | $ 4,129,913 | $ - |

Source: Audited financial report and budgets of the School District. This Appendix is not itself audited.

## BONDED DEBT SERVICE

| Fiscal Year Ending June 30th | Excluding the Bonds Principal | Interest | Total | Principal of the Bonds | Total Principal All Issued |
|---|---|---|---|---|---|
| 2022 | $ 551,757 | $ 84,593 | $ 636,349 | $ - | $ 551,757 |
| 2023 | 553,882 | 68,352 | 622,233 | 1,686,330 | 2,240,212 |
| 2024 | 549,238 | 42,362 | 591,600 | 1,715,000 | 2,264,238 |
| 2025 | 319,238 | 15,990 | 335,228 | 1,750,000 | 2,069,238 |
| 2026 | 26,438 | 661 | 27,099 | 1,790,000 | 1,816,438 |
| 2027 | - | - | - | 1,835,000 | 1,835,000 |
| 2028 | - | - | - | 1,870,000 | 1,870,000 |
| 2029 | - | - | - | 1,910,000 | 1,910,000 |
| 2030 | - | - | - | 1,945,000 | 1,945,000 |
| 2031 | - | - | - | 1,980,000 | 1,980,000 |
| 2032 | - | - | - | 2,020,000 | 2,020,000 |
| 2033 | - | - | - | 2,065,000 | 2,065,000 |
| 2034 | - | - | - | 2,105,000 | 2,105,000 |
| 2035 | - | - | - | 2,145,000 | 2,145,000 |
| 2036 | - | - | - | 2,190,000 | 2,190,000 |
| 2037 | - | - | - | 1,150,000 | 1,150,000 |
| TOTALS | $ 2,000,552 | $ 211,957 | $ 2,212,509 | $ 28,156,330 | $ 30,156,882 |

## BONDS OUTSTANDING

| Fiscal Year Ending June 30th | 2016 Buses Principal | 2016 Buses Interest | 2016 Buses Total | 2017 Buses Principal | 2017 Buses Interest | 2017 Buses Total |
|---|---|---|---|---|---|---|
| 2022 | $ 12,875 | $ 399 | $ 13,274 | $ 24,644 | $ 1,281 | $ 25,925 |
| 2023 | - | - | - | 24,644 | 641 | 25,284 |
| TOTALS | $ 12,875 | $ 399 | $ 13,274 | $ 49,287 | $ 1,922 | $ 51,210 |

| Fiscal Year Ending June 30th | 2019 Refunding of 2010 Series Bonds Principal | 2019 Refunding of 2010 Series Bonds Interest | 2019 Refunding of 2010 Series Bonds Total | 2019 Buses Principal | 2019 Buses Interest | 2019 Buses Total |
|---|---|---|---|---|---|---|
| 2022 | $ 465,000 | $ 76,375 | $ 541,375 | $ 22,800 | $ 3,232 | $ 26,032 |
| 2023 | 480,000 | 62,500 | 542,500 | 22,800 | 2,567 | 25,367 |
| 2024 | 500,000 | 38,500 | 538,500 | 22,800 | 1,879 | 24,679 |
| 2025 | 270,000 | 13,500 | 283,500 | 22,800 | 1,168 | 23,968 |
| TOTALS | $ 1,715,000 | $ 190,875 | $ 1,905,875 | $ 91,200 | $ 8,847 | $ 100,047 |

| Fiscal Year Ending June 30th | 2021 Bus Bonds Principal | 2021 Bus Bonds Interest | 2021 Bus Bonds Total |
|---|---|---|---|
| 2022 | $ 26,438 | $ 3,305 | $ 29,743 |
| 2023 | 26,438 | 2,644 | 29,082 |
| 2024 | 26,438 | 1,983 | 28,421 |
| 2025 | 26,438 | 1,322 | 27,760 |
| 2026 | 26,438 | 661 | 27,099 |
| TOTALS | $ 132,189 | $ 9,914 | $ 142,103 |

## COMPUTATION OF FULL VALUATION

### Using Regular Equalization Rates

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Year of District Tax Roll | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Year of Assessment Roll | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Assessed Valuation** | | | | | | | |
| City of: | Little Falls | $ 31,523,415 | $ 31,435,247 | $ 31,189,343 | $ 31,079,297 | $ 30,830,789 | $ 30,642,425 |
| Towns of: | Danube | 30,243,039 | 30,153,555 | 29,751,937 | 29,870,382 | 29,900,422 | 29,966,093 |
| | Fairfield | 2,384,900 | 2,396,943 | 2,382,924 | 2,387,413 | 2,470,314 | 2,478,962 |
| | Herkimer | 2,367,328 | 2,333,581 | 3,144,793 | 3,172,535 | 3,194,433 | 3,250,870 |
| | Little Falls | 42,324,428 | 42,182,878 | 42,296,334 | 42,389,396 | 42,789,031 | 43,353,874 |
| | Manheim | 34,125,423 | 34,107,260 | 34,336,531 | 34,265,486 | 35,189,094 | 35,598,768 |
| | Stark | 410,614 | 548,161 | 526,437 | 524,657 | 524,572 | 541,085 |
| **Total Assessed Valuation** | | $ 143,379,147 | $ 143,157,625 | $ 143,628,299 | $ 143,689,166 | $ 144,898,655 | $ 145,832,077 |
| **State Equalization Rates** | | | | | | | |
| City of: | Little Falls | 20.00% | 20.00% | 20.00% | 19.00% | 18.00% | 16.50% |
| Towns of: | Danube | 83.00% | 81.30% | 79.00% | 78.00% | 76.00% | 72.00% |
| | Fairfield | 80.00% | 78.00% | 76.00% | 76.00% | 75.00% | 74.00% |
| | Herkimer | 94.00% | 94.00% | 94.00% | 90.00% | 90.50% | 86.50% |
| | Little Falls | 74.00% | 75.00% | 74.00% | 72.00% | 71.50% | 70.00% |
| | Manheim | 68.00% | 70.00% | 67.00% | 67.00% | 66.00% | 64.50% |
| | Stark | 59.20% | 59.30% | 57.00% | 56.00% | 55.00% | 53.10% |
| **Full Valuation** | | | | | | | |
| City of: | Little Falls | $ 157,617,075 | $ 157,176,235 | $ 155,946,715 | $ 163,575,247 | $ 171,282,161 | $ 185,711,667 |
| Towns of: | Danube | 36,437,396 | 37,089,244 | 37,660,680 | 38,295,362 | 39,342,661 | 41,619,574 |
| | Fairfield | 2,981,125 | 3,073,004 | 3,135,426 | 3,141,333 | 3,293,752 | 3,349,949 |
| | Herkimer | 2,518,434 | 2,482,533 | 3,345,524 | 3,525,039 | 3,529,760 | 3,758,231 |
| | Little Falls | 57,195,173 | 56,243,837 | 57,157,208 | 58,874,161 | 59,844,799 | 61,934,106 |
| | Manheim | 50,184,446 | 48,724,657 | 51,248,554 | 51,142,516 | 53,316,809 | 55,191,888 |
| | Stark | 693,605 | 924,386 | 923,574 | 936,888 | 953,767 | 1,018,992 |
| **Total Full Valuation** | | $ 307,627,254 | $ 305,713,896 | $ 309,417,681 | $ 319,490,546 | $ 331,563,709 | $ 352,584,407 |

## COMPUTATION OF FULL VALUATION

### Using Special Equalization Ratios

| Year of District Tax Roll | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|
| Year of Assessment Roll | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| **Assessed Valuation** | | | | | | | |
| City of: | Little Falls | $ 31,523,415 | $ 31,435,247 | $ 31,189,343 | $ 31,079,297 | $ 30,830,789 | $ 30,642,425 |
| Towns of: | Danube | 30,243,039 | 30,153,555 | 29,751,937 | 29,870,382 | 29,900,422 | 29,966,093 |
| | Fairfield | 2,384,900 | 2,396,943 | 2,382,924 | 2,387,413 | 2,470,314 | 2,478,962 |
| | Herkimer | 2,367,328 | 2,333,581 | 3,144,793 | 3,172,535 | 3,194,433 | 3,250,870 |
| | Little Falls | 42,324,428 | 42,182,878 | 42,296,334 | 42,389,396 | 42,789,031 | 43,353,874 |
| | Manheim | 34,125,423 | 34,107,260 | 34,336,531 | 34,265,486 | 35,189,094 | 35,598,768 |
| | Stark | 410,614 | 548,161 | 526,437 | 524,657 | 524,572 | 541,085 |
| **Total Assessed Valuation** | | $ 143,379,147 | $ 143,157,625 | $ 143,628,299 | $ 143,689,166 | $ 144,898,655 | $ 145,832,077 |
| **Special Equalization Ratios** | | | | | | | |
| City of: | Little Falls | 20.42% | 19.37% | 18.12% | 18.01% | 17.95% | N/A |
| Towns of: | Danube | 78.15% | 76.84% | 75.34% | 73.30% | 71.31% | N/A |
| | Fairfield | 75.42% | 75.61% | 74.61% | 73.88% | 73.03% | N/A |
| | Herkimer | 94.83% | 91.77% | 91.31% | 91.04% | 91.26% | N/A |
| | Little Falls | 74.62% | 72.26% | 71.59% | 72.06% | 72.66% | N/A |
| | Manheim | 66.85% | 66.77% | 65.96% | 65.66% | 65.05% | N/A |
| | Stark | 58.04% | 55.68% | 54.84% | 54.20% | 53.61% | N/A |
| **Full Valuation** | | | | | | | |
| City of: | Little Falls | $ 154,375,196 | $ 162,288,317 | $ 172,126,617 | $ 172,566,891 | $ 171,759,270 | N/A |
| Towns of: | Danube | 38,698,706 | 39,242,003 | 39,490,227 | 40,750,862 | 41,930,195 | N/A |
| | Fairfield | 3,162,159 | 3,170,140 | 3,193,840 | 3,231,474 | 3,382,602 | N/A |
| | Herkimer | 2,496,391 | 2,542,858 | 3,444,084 | 3,484,770 | 3,500,365 | N/A |
| | Little Falls | 56,719,952 | 58,376,526 | 59,081,344 | 58,825,140 | 58,889,390 | N/A |
| | Manheim | 51,047,753 | 51,081,713 | 52,056,596 | 52,186,241 | 54,095,456 | N/A |
| | Stark | 707,467 | 984,485 | 959,951 | 968,002 | 978,497 | N/A |
| **Total Full Valuation** | | $ 307,207,624 | $ 317,686,043 | $ 330,352,659 | $ 332,013,381 | $ 334,535,774 | N/A |

Note: Special Equalization Ratios for the 2021 Assessment Roll (2021-2022 School District Tax Roll) are not available until June 30, 2022.

## FORM OF UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

This undertaking to provide continuing disclosure (the "Disclosure Undertaking") is executed and delivered by the City School District of the City of Little Falls, a municipal corporation of the State of New York (the "Issuer") in connection with the issuance of its **$28,156,330 School District (Serial) Bonds, 2022** (the "Security"). The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB):

(i) no later than 6 months following the end of each fiscal year, commencing with the fiscal year ending June 30, 2022, the Annual Financial Information relating to such fiscal year, unless Audited Financial Statements are prepared, in which case the Annual Financial Information will be provided on or prior to 6 months after the end of each fiscal year or within 60 days following receipt by the Issuer of Audited Financial Statements (whichever is later) (the "Report Date"), but in no event later than one year after the end of each fiscal year;

(ii) if not provided as part of the Annual Financial Information, Audited Financial Statements within 60 days of their receipt, but in no event later than one year after the end of each fiscal year;

(iii) in a timely manner (not in excess of ten business days after the occurrence of any such event), notice of any of the following events with respect to the Security:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) 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 Security, or other material events affecting the tax status of the Security;

(7) Modifications to rights of Security Holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Security, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(iv) in a timely manner (not in excess of ten business days after the occurrence of such event), notice of a failure to provide by the date set forth in Section 1(a)(i) hereof any Annual Financial Information required by Section 3 hereof.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a)(ii) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions

"Annual Financial Information" means the information specified in Section 3 hereof.

"Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of New York.

"EMMA" means the Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States.

"MSRB" means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

"Purchaser" means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

"Rule 15c2-12" means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof issued either before or after the effective date of this Disclosure Undertaking which are applicable to this Disclosure Undertaking.

"Security Holder" means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Annual Financial Information. (a) The required Annual Financial Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Security under the headings "THE DISTRICT," "TAX INFORMATION," "STATUS OF INDEBTEDNESS," and "LITIGATION" and all Appendices (other than "APPENDIX – D" and other than any related to bond insurance); which Annual Financial Information may, but it is not required to, include audited financial statements.

(b) All or any portion of the Annual Financial Information may be incorporated in the Annual Financial Information by cross reference to any other documents which are (i) available to the public on EMMA or (ii) filed with the Securities and Exchange Commission. If such a document is a final official statement, it must be available on EMMA.

(c) Annual Financial Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 6(f) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 5. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 6. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

(a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to adjust the Report Date if the Issuer changes its fiscal year; provided that such new date shall be within nine months after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration;

(f) to modify the contents, presentation and format of the Annual Financial Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

(g) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 7. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 8. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 9. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Disclosure Undertaking as of **January __, 2022.**

**CITY SCHOOL DISTRICT OF THE CITY OF LITTLE FALLS**

By: /s/:______________________________
Board of Education President

# CITY SCHOOL DISTRICT OF THE CITY OF LITTLE FALLS
## HERKIMER COUNTY, NEW YORK

## AUDITED FINANCIAL STATEMENTS

### FISCAL YEAR ENDED JUNE 30, 2021

**Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.**

# LITTLE FALLS
# CITY SCHOOL DISTRICT

## Little Falls, New York

## FINANCIAL REPORT

## For the Year Ended
## June 30, 2021

insero&co

Certified Public Accountants | Business Advisors

# *LITTLE FALLS CITY SCHOOL DISTRICT*

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# *LITTLE FALLS CITY SCHOOL DISTRICT*

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# INDEPENDENT AUDITORS' REPORT

Board of Education
Little Falls City School District
Little Falls, New York

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Little Falls City School District (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

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

## Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of A Matter**

During the year ended June 30, 2021, the District adopted Government Accounting Standards Board (GASB) Statement No. 84, "Fiduciary Activities." As discussed in Note 18 to the financial statements, net position as of June 30, 2020 for the governmental funds and fiduciary activities were restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

**Other Matters**

**Required Supplementary Information**
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison information; the Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability; Schedule of Changes in the School District's Total OPEB Liability and Related Ratios; and related notes on pages 4-4j and 49-57 be presented to supplement the basic financial statements. Such information, 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.

**Other Information**
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds; and Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information) on pages 58-62 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the 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 6, 2021 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 6, 2021

The following is a discussion and analysis of the Little Falls City School District's (the School District) financial performance for the fiscal year ended June 30, 2021. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

## FINANCIAL HIGHLIGHTS

- The School District recognizes its total other postemployment benefits (OPEB) liability, as well as deferred outflows and deferred inflows of resources related to the OPEB plan in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." Current year recognition resulted in an increase of District-wide expenses of $1,523,227, compared to a decrease of $583,967 in 2020, and a net liability of $57,774,900 at year-end.

- The School District ended the year with a total net deficit of $39,666,387, an increase in the deficit of $2,399,816 from the prior year. The year-end net position was composed of $1,160,256 in restricted, $13,652,209 in net investment in capital assets, and $54,478,852 in unrestricted net deficit. The unrestricted net deficit decreased $1,443,717 compared to the prior year.

- Expenses exceeded revenues by $2,399,816 in 2021, compared to expenses exceeding revenues by $1,234,737 in 2020.

- The School District had $31,686,854 in outstanding debt at year end, an increase of $23,262,375 from the prior year, primarily due to proceeds from BANs to fund a major capital project.

- Capital asset additions during 2021 amounted to $14,720,508 for the purchase of vehicles, equipment, and construction in progress expenditures. Depreciation expense was $1,493,862 for the current year.

- The General Fund budgeted expenditures, including carry-over encumbrances and other financing uses, were underspent by $588,752, while revenues and other financing sources were over budget by $333,298.

- Total General Fund balance, including reserves, was $4,129,913 at June 30, 2021. Unassigned fund balance amounted to $3,502,593, which was subject to and above the maximum limit (4% of 2021-2022 appropriations) permitted under New York State Real Property Tax Law.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.

- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

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 School District's budget for the year; Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability; and a Schedule of Changes in the School District's total OPEB Liability and Related Ratios related to the School District's unfunded actuarial liability for postemployment benefits.

### District-Wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, 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 financial statements report the School District's net position and how it has changed. Net Position - the difference between the School District's assets and deferred outflows of resources, and the School District's liabilities and deferred inflows of resources - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School 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.

**Governmental Fund Financial Statements**
The Governmental Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds, not on the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- Governmental Funds: Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets 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 one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Fund financial statements explains the relationship (or differences) between them.

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

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**
The School District's combined net deficit for the fiscal year ended June 30, 2021 increased by $2,399,816. Our analysis below focuses on the net position (*Figure 1*) and changes in net position *(Figure 2)* of the School District's Governmental Activities.

***Figure 1***

| ***Condensed Statement of Net Position*** | ***Governmental Activities and Total School District*** | | ***Total Dollar Change 2021-2020*** |
|---|---|---|---|
| | ***2021*** | ***2020*** | |
| *Current Assets* | $ 11,647,083 | $ 3,502,259 | $ 8,144,824 |
| *Noncurrent Assets* | 1,160,256 | 1,907,332 | (747,076) |
| *Capital Assets, Net* | 39,703,933 | 26,477,287 | 13,226,646 |
| ***Total Assets*** | **52,511,272** | **31,886,878** | **20,624,394** |
| *Deferred Charges on Defeased Debt* | 22,338 | 33,880 | (11,542) |
| *Pensions* | 5,875,423 | 5,054,273 | 821,150 |
| *Other Postemployment Benefits* | 14,364,451 | 3,825,289 | 10,539,162 |
| ***Total Deferred Outflows of Resources*** | **20,262,212** | **8,913,442** | **11,348,770** |
| *Current Liabilities* | 33,558,466 | 11,253,885 | 22,304,581 |
| *Noncurrent Liabilities* | 68,986,864 | 55,379,090 | 13,607,774 |
| ***Total Liabilities*** | **102,545,330** | **66,632,975** | **35,912,355** |
| *Pensions* | 2,976,209 | 1,782,542 | 1,193,667 |
| *Other Postemployment Benefits* | 6,918,332 | 9,651,374 | (2,733,042) |
| ***Total Deferred Inflows of Resources*** | **9,894,541** | **11,433,916** | **(1,539,375)** |
| *Net Investment in Capital Assets* | 13,652,209 | 18,086,688 | (4,434,479) |
| *Restricted* | 1,160,256 | 569,310 | 590,946 |
| *Unrestricted* | (54,478,852) | (55,922,569) | 1,443,717 |
| ***Total Net (Deficit)*** | **$ (39,666,387)** | **$ (37,266,571)** | **$ (2,399,816)** |

The increase in current assets is primarily due to an increase in cash based on results of operations and changes in accruals in the General Fund. The increase in capital assets, net, stems from capital outlay exceeding depreciation expense and net book value of disposed assets. The decrease in noncurrent assets is primarily related to changes in the School District's proportionate share of the New York State Teachers' Retirement System's net asset to a liability.

The changes in deferred outflows of resources - pensions, and deferred inflows of resources - pensions, are related to changes in the actuarially determined proportionate share of the pension systems' plan's net pension asset/liability and related deferred outflows and inflows of resources. Deferred outflows - deferred charges on defeased debt increased based on refunding bonds obtained in the current year offset by regular amortization of deferred charges.

Current liabilities increased primarily due to increases in BANs payable, as well as Capital Fund accounts payable for ongoing projects.

Changes in noncurrent liabilities, deferred outflows of resources - OPEB, and deferred inflows of resources - OPEB are primarily due to recognition of GASB Statement No. 75, which is based on an actuarial valuation of the School District's OPEB plan, as well as regular principal payments and proceeds of long-term debt.

Net investment in capital assets decreased based on capital outlay, new bond anticipation notes payable, and depreciation expense for the current year. Restricted resources increased primarily due to the addition of restricted fund balances in the Miscellaneous Special Revenue Fund and Debt Service Funds. Unrestricted net deficit increased based on the change in net OPEB and pension liabilities, as well as a result of operations. Our analysis in *Figure 2* considers the operations of the School District's activities.

***Figure 2***

| ***Changes in Net Position*** | ***Governmental Activities and Total School District*** | | ***Total Dollar Change*** |
|---|---|---|---|
| | ***2021*** | ***2020*** | ***2021-2020*** |
| *REVENUES* | | | |
| *Program Revenues:* | | | |
| *Charges for Services* | $ 193,491 | $ 242,971 | $ (49,480) |
| *Operating Grants* | 1,637,594 | 1,610,151 | 27,443 |
| *Capital Grants* | 614,670 | 36,300 | 578,370 |
| *General Revenues:* | | | |
| *Real Property Taxes* | 7,482,072 | 7,279,267 | 202,805 |
| *Real Property Tax Items* | 1,705,320 | 1,694,817 | 10,503 |
| *Unrestricted State Sources* | 12,689,259 | 13,063,138 | (373,879) |
| *Use of Money and Property* | 25,314 | 41,408 | (16,094) |
| *Other General Revenues* | 481,518 | 283,581 | 197,937 |
| ***Total Revenues*** | **$ 24,829,238** | **$ 24,251,633** | **$ 577,605** |
| *PROGRAM EXPENDITURES* | | | |
| *General Support* | $ 4,056,527 | $ 3,967,772 | $ 88,755 |
| *Instruction* | 20,830,123 | 19,399,812 | 1,430,311 |
| *Pupil Transportation* | 1,403,501 | 1,358,412 | 45,089 |
| *School Lunch Program* | 607,526 | 647,577 | (40,051) |
| *Interest on Debt* | 331,377 | 112,797 | 218,580 |
| ***Total Expenditures*** | **$ 27,229,054** | **$ 25,486,370** | **$ 1,742,684** |
| ***INCREASE IN NET POSITION*** | **$ (2,399,816)** | **$ (1,234,737)** | **$ (1,165,079)** |

Total revenues for the School District's Governmental Activities increased by $577,605, or 2.38%, and total expenses increased by $1,742,684, or 6.84%. Charges for services decreased due to decreases in school lunch sales. Operating grants and contributions increased primarily due to increases in CARES Act funding expended during the current year. Capital grants increased based on SMART School State aid for capital projects. State sources decreased primarily due to decreases in general aid. Property tax increased based on increases in the voter approved tax levy, while other tax items increased due to increased PILOT payments. Use of money and property decreased due to lower rentals earned. Other general revenues increased due to more gifts and donations and increases in BOCES' refunds in the current year.

The increase in total expenses is primarily due to the net effect of GASB Statement No. 68 and 75 recognition in comparison to the prior year.

*Figures 3* and *4* show the sources of revenue for 2021 and 2020.

***Figure 3***
***Sources of Revenue for 2021***

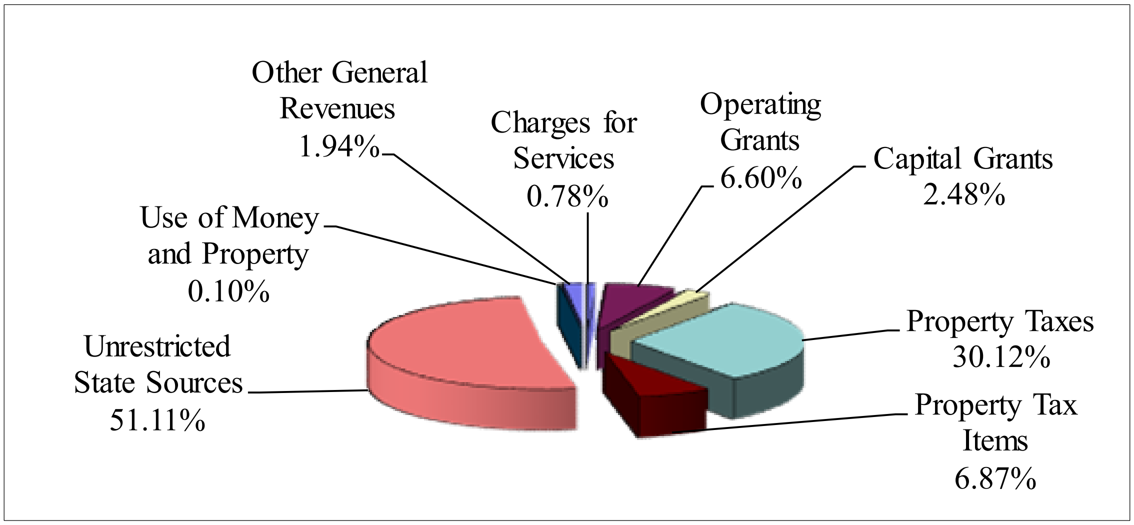
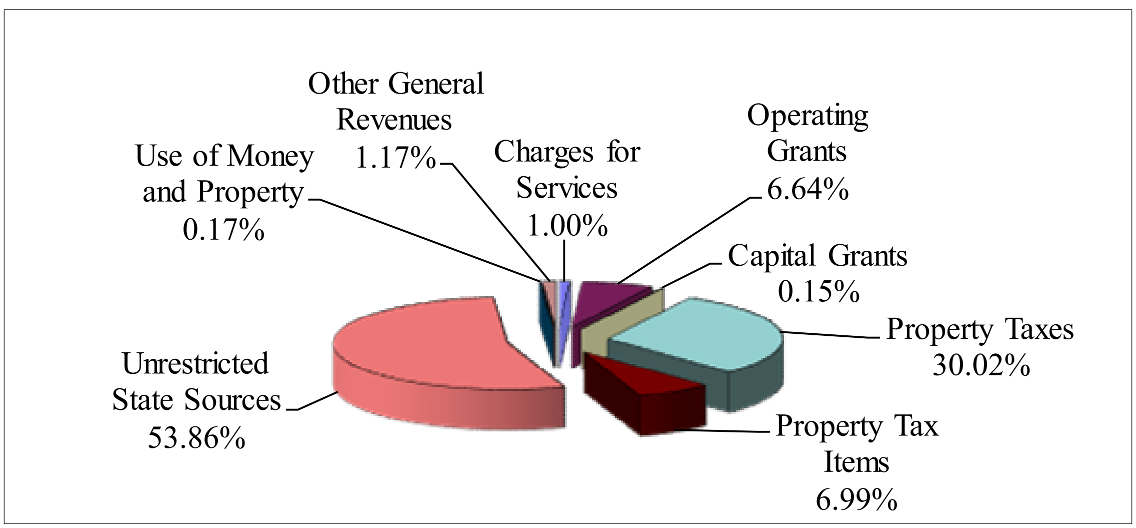



***Figure 4***
***Sources of Revenue for 2020***



*Figures 5* and *6* present the cost of each of the School District's programs for 2021 and 2020.

***Figure 5***
***Cost of Programs for 2021***

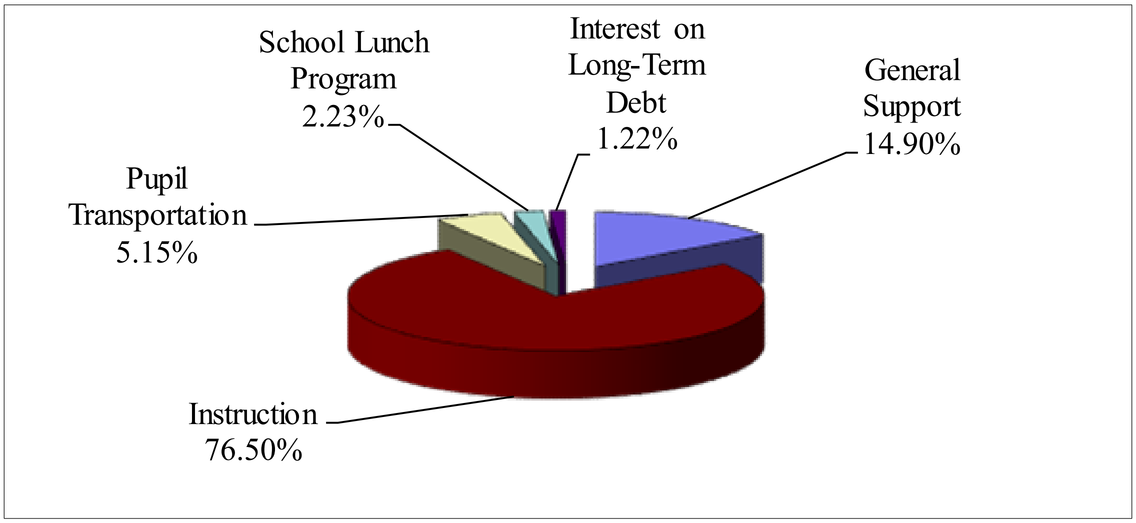
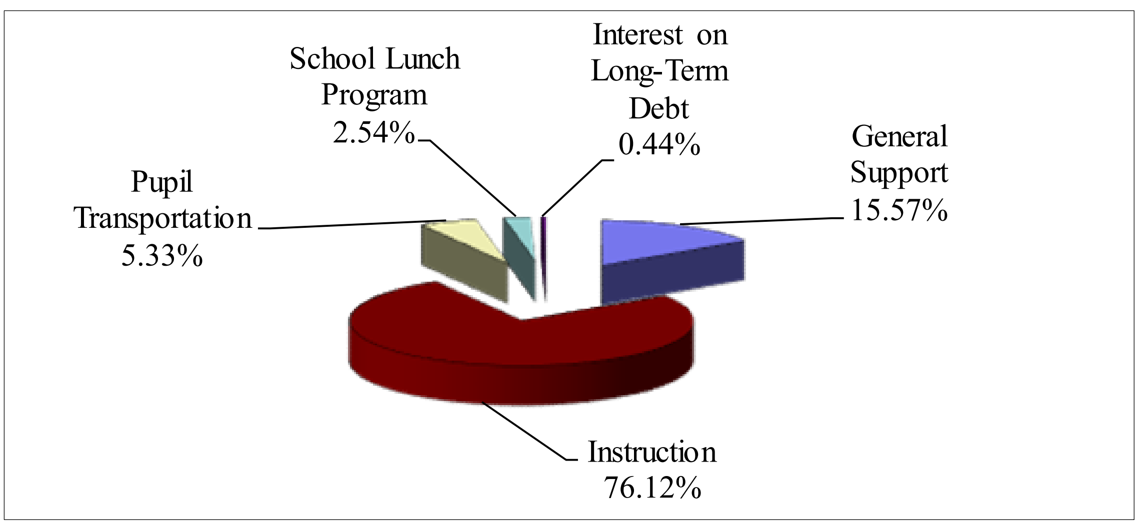



***Figure 6***
***Cost of Programs for 2020***



## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

*Figure 7* shows the change in the School District's fund balances for the year.

As the School District completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a combined deficit of $18,509,169. Capital Projects Fund decreased as a result of new BANs issued to finance capital projects.

***Figure 7***

| *Governmental Fund Balances (Deficit)* | *2021* | *2020* | *Total Dollar Change 2021-2020* |
|---|---|---|---|
| *Major Funds:* | | | |
| *General Fund* | $ 4,129,913 | $ 3,427,146 | $ 702,767 |
| *Capital Projects Fund* | (23,124,868) | (10,092,130) | (13,032,738) |
| *Non-Major Funds:* | | | |
| *School Lunch Fund* | (118,909) | 23,961 | (142,870) |
| *Debt Service Fund* | 223,500 | - | 223,500 |
| *Miscellaneous Special Revenue Fund* | 381,195 | 392,282 | (11,087) |
| ***Total Governmental Funds Fund Balance (Deficit)*** | **$ (18,509,169)** | **$ (6,248,741)** | **$ (12,260,428)** |

## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Superintendent approves budgetary transfers that revise the School District budget line items and the Board reviews the transfers. Typically, these budget amendments consist of budget transfers between functions, which do not increase the overall budget. During the current year, the budget was amended for prior year encumbrances and CARES Act funding of $432,691.

The School District received $333,298 more in General Fund revenues and other financing sources than was budgeted, primarily due to larger than expected State sources. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by $588,752. This is primarily due to lower than expected costs related to general support, transportation, and employee benefit expense.

*Figure 8* summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ending June 30, 2021.

***Figure 8***

| ***Condensed Budgetary Comparison General Fund - 2021*** | ***Original Budget*** | ***Revised Budget*** | ***Actual w/ Encumbrances*** | ***Favorable (Unfavorable) Variance*** |
|---|---|---|---|---|
| *REVENUES* | | | | |
| *Real Property Taxes* | $ 8,959,488 | $ 8,959,488 | $ 7,482,072 | $ (1,477,416) |
| *Other Tax Items* | 192,572 | 192,572 | 1,705,320 | 1,512,748 |
| *State Sources* | 12,427,186 | 12,427,186 | 12,749,101 | 321,915 |
| *Federal Sources* | - | 432,691 | 375,002 | (57,689) |
| *Other, Including Financing Sources* | 630,000 | 630,000 | 663,740 | 33,740 |
| ***Total Revenues and Other Financing Sources*** | **$ 22,209,246** | **$ 22,641,937** | **$ 22,975,235** | **$ 333,298** |
| ***Appropriated Fund Balances and Reserves*** | **$ 290,000** | **$ 290,000** | | |
| ***Encumbrances*** | **$ 1,042** | **$ 1,042** | | |
| *EXPENDITURES* | | | | |
| *General Support* | $ 3,257,623 | $ 3,006,176 | $ 2,903,356 | $ 102,820 |
| *Instruction* | 10,156,050 | 10,899,200 | 10,795,221 | 103,979 |
| *Pupil Transportation* | 1,218,964 | 1,122,235 | 1,103,259 | 18,976 |
| *Employee Benefits* | 7,224,189 | 7,235,231 | 6,878,310 | 356,921 |
| *Debt Service* | 631,462 | 658,137 | 658,135 | 2 |
| *Other Financing Uses* | 12,000 | 12,000 | 5,946 | 6,054 |
| ***Total Expenditures and Other Financing (Uses)*** | **$ 22,500,288** | **$ 22,932,979** | **$ 22,344,227** | **$ 588,752** |

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2021, the School District had invested in a broad range of capital assets. Capital assets, net of related depreciation, increased $13,226,646 during 2021.

***Figure 9***

| *Changes in Capital Assets* | *Governmental Activities and Total School District* | | *Total Dollar Change* |
|---|---|---|---|
| | *2021* | *2020* | *2020-2021* |
| *Land* | $ 477,202 | $ 477,202 | $ - |
| *Construction in Progress* | 24,730,338 | 10,092,130 | 14,638,208 |
| *Improvements Other than Buildings, Net* | 379,838 | 460,982 | (81,144) |
| *Buildings, Net* | 13,209,883 | 14,406,164 | (1,196,281) |
| *Equipment, Net* | 906,672 | 1,040,809 | (134,137) |
| ***Total*** | **$ 39,703,933** | **$ 26,477,287** | **$ 13,226,646** |

Capital asset activity for the year ended June 30, 2021 included the following:

| | |
|---|---|
| Construction in Progress | $ 14,638,208 |
| Equipment | 82,300 |
| Total Additions | 14,720,508 |
| Less Depreciation Expense | (1,493,862) |
| **Net Change in Capital Assets** | **$ 13,226,646** |

### Debt Administration

Debt, both short and long-term, considered a liability of Governmental Activities, increased by $22,362,375 in 2021, as shown in *Figure 10*. Total indebtedness represented 199.6% of the constitutional debt limit, exclusive of building aid estimates. The District received consent from the New York State Comptroller to issue obligations in excess of the allowable limit, pursuant to paragraph c of §104.00 of the Local Finance Law.

***Figure 10***

| *Outstanding Debt* | *Governmental Activities and Total School District* | | *Total Dollar Change* |
|---|---|---|---|
| | *2021* | *2020* | *2021-2020* |
| Bonds Payable | $ 2,003,254 | $ 2,624,479 | $ (621,225) |
| Bond Anticipation Notes | 29,683,600 | 5,800,000 | 23,883,600 |
| ***Total*** | **$ 31,686,854** | **$ 8,424,479** | **$ 23,262,375** |

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to these financial statements.

The School District's bond rating is A1.

**FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

- On May 2018, School District residents approved the roughly $30 million capital project. The first year of construction was due to be completed in December 2020, with the second and final phase to be completed in the Fall of 2021.

- The School District has experienced steady enrollment numbers while neighboring districts are losing population.

- The special needs population has been growing consistently over the past three years and now constitutes just over 21% of the student body. The cost of providing services is not always predictable and will require building some flexibility into future budgets if the trend continues in the coming years.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**
This financial report is designed to provide the Little Falls City School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please feel free to contact Mr. Ashraf Allan, Business Manager, Little Falls City School District, at 15 Petrie Street, Little Falls, NY 13365; by phone at 315-823-1479; or via e-mail at aallam@lfcsd.org.

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## STATEMENT OF NET POSITION
## JUNE 30, 2021

| | |
|---|---|
| **ASSETS** | |
| **Current Assets** | |
| Cash and Cash Equivalents - Unrestricted | $ 3,961,045 |
| Cash and Cash Equivalents - Restricted | 5,612,792 |
| Due from State and Federal Governments | 1,211,544 |
| Due from Other Governments | 741,125 |
| Other Receivables | 108,564 |
| Inventories | 12,013 |
| **Total Current Assets** | 11,647,083 |
| | |
| **Noncurrent Assets** | |
| Restricted Cash | 966,093 |
| Restricted Investments | 194,163 |
| Capital Assets, Net: | |
| Nondepreciable | 25,207,540 |
| Depreciable Capital Assets, Net | 14,496,393 |
| **Total Noncurrent Assets** | 40,864,189 |
| | |
| **Total Assets** | 52,511,272 |
| | |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Pensions | 5,875,423 |
| OPEB | 14,364,451 |
| Deferred Charges on Defeased Debt | 22,338 |
| | |
| **Total Deferred Outflows of Resources** | 20,262,212 |
| | |
| **LIABILITIES** | |
| **Current Liabilities** | |
| Accounts Payable | 946,733 |
| Accrued Liabilities | 127,354 |
| Retainage Payable | 1,036,800 |
| Bond Interest and Matured Bonds | 198,866 |
| Bond Anticipation Notes Payable | 29,683,600 |
| Overpayments and Collections in Advance | 70,004 |
| Unearned Revenues - Other | 2,313 |
| Due to Teachers' Retirement System | 756,518 |
| Due to Employees' Retirement System | 107,256 |

*See Notes to Basic Financial Statements*

# *LITTLE FALLS CITY SCHOOL DISTRICT*

**STATEMENT OF NET POSITION (Continued)**
**JUNE 30, 2021**

| | |
|---|---|
| **LIABILITIES (Continued)** | |
| **Current Portion of Long-Term Liabilities** | |
| Bonds Payable | $ 579,292 |
| Due to Retirement Systems | 49,730 |
| **Total Current Liabilities** | 33,558,466 |
| | |
| **Noncurrent Liabilities and Obligations** | |
| Bonds Payable | 1,423,962 |
| Due to Retirement Systems | 100,202 |
| Compensated Absences | 969,289 |
| Other Postemployment Benefits Liability | 65,221,019 |
| Net Pension Liability - Proportionate Share | 1,272,392 |
| **Total Noncurrent Liabilities and Obligations** | 68,986,864 |
| | |
| **Total Liabilities** | 102,545,330 |
| | |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Pensions | 2,976,209 |
| OPEB | 6,918,332 |
| | |
| **Total Deferred Inflows of Resources** | 9,894,541 |
| | |
| **NET POSITION** | |
| Net Investment in Capital Assets | 13,652,209 |
| Restricted | 1,160,256 |
| Unrestricted Net (Deficit) | (54,478,852) |
| | |
| **Total Net (Deficit)** | **$ (39,666,387)** |

*See Notes to Basic Financial Statements*

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED JUNE 30, 2021

| | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants | Program Revenues: Capital Grants | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|---|
| **FUNCTIONS/PROGRAMS** | | | | | |
| General Support | $ 4,056,527 | $ - | $ - | $ - | $ (4,056,527) |
| Instruction | 20,830,123 | 162,825 | 1,280,580 | 614,670 | (18,772,048) |
| Pupil Transportation | 1,403,501 | - | - | - | (1,403,501) |
| School Lunch Program | 607,526 | 30,666 | 357,014 | - | (219,846) |
| Interest on Debt | 331,377 | - | - | - | (331,377) |
| **Total Functions and Programs** | **$ 27,229,054** | **$ 193,491** | **$ 1,637,594** | **$ 614,670** | (24,783,299) |

| | |
|---|---|
| **GENERAL REVENUES** | |
| Real Property Taxes | 7,482,072 |
| Real Property Tax Items | 1,705,320 |
| Use of Money and Property | 25,314 |
| Unrestricted State Sources | 12,689,259 |
| Sale of Property | 17,706 |
| Miscellaneous | 463,812 |
| **Total General Revenues** | 22,383,483 |
| Change in Net Position | (2,399,816) |
| Total Net (Deficit) - Beginning of Year | (37,266,571) |
| **Total Net (Deficit) - End of Year** | **$ (39,666,387)** |

*See Notes to Basic Financial Statements*

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## BALANCE SHEET - GOVERNMENTAL FUNDS
## JUNE 30, 2021

| | Major Funds | | | |
|---|---|---|---|---|
| | General Fund | Capital Projects Fund | Total Non-Major Governmental Funds | Total Governmental Funds |
| **ASSETS** | | | | |
| Cash and Cash Equivalents - Unrestricted | $ 2,483,772 | $ 1,238,128 | $ 239,145 | $ 3,961,045 |
| Cash and Cash Equivalents - Restricted | 1,314,365 | 5,077,488 | 187,032 | 6,578,885 |
| Investments - Restricted | - | - | 194,163 | 194,163 |
| Due from Other Funds | 607,771 | 563,475 | 492,085 | 1,663,331 |
| Due from State and Federal Governments | 595,360 | - | 616,184 | 1,211,544 |
| Due from Other Governments | 741,125 | - | - | 741,125 |
| Other Receivables | 108,564 | - | - | 108,564 |
| Inventories | - | - | 12,013 | 12,013 |
| **Total Assets** | **$ 5,850,957** | **$ 6,879,091** | **$ 1,740,622** | **$ 14,470,670** |
| **LIABILITIES** | | | | |
| **Payables** | | | | |
| Accounts Payable | $ 259,595 | $ 669,458 | $ 17,680 | $ 946,733 |
| Accrued Liabilities | 114,940 | - | 12,414 | 127,354 |
| Due to Other Funds | 412,731 | 28,171 | 1,222,429 | 1,663,331 |
| Due to Teachers' Retirement System | 756,518 | - | - | 756,518 |
| Due to Employees' Retirement System | 107,256 | - | - | 107,256 |
| Bond Anticipation Notes Payable | - | 29,306,330 | - | 29,306,330 |
| Overpayments and Collections in Advance | 70,004 | - | - | 70,004 |
| Unearned Revenues | - | - | 2,313 | 2,313 |
| **Total Liabilities** | 1,721,044 | 30,003,959 | 1,254,836 | 32,979,839 |
| **FUND BALANCES** | | | | |
| Nonspendable | - | - | 12,013 | 12,013 |
| Restricted | 555,561 | - | 604,695 | 1,160,256 |
| Assigned | 71,759 | - | - | 71,759 |
| Unassigned | 3,502,593 | (23,124,868) | (130,922) | (19,753,197) |
| **Total Fund Balances (Deficit)** | 4,129,913 | (23,124,868) | 485,786 | (18,509,169) |
| **Total Liabilities and Fund Balances** | **$ 5,850,957** | **$ 6,879,091** | **$ 1,740,622** | **$ 14,470,670** |

*See Notes to Basic Financial Statements*

# LITTLE FALLS CITY SCHOOL DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
## TO THE STATEMENT OF NET POSITION
## JUNE 30, 2021

| | | |
|---|---|---|
| **Fund Balances - Total Governmental Funds** | | **$ (18,509,169)** |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | | |
| Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. | | |
| Total Historical Cost | $ 66,812,398 | |
| Less Accumulated Depreciation | (27,108,465) | 39,703,933 |
| The School District's proportionate share of the Employee Retirement Systems' collective net pension asset or liability is not reported in the funds. | | |
| ERS Net Pension Liability - Proportionate Share | $ (7,155) | |
| TRS Net Pension Asset/Liability - Proportionate Share | (1,265,237) | (1,272,392) |
| Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including OPEB and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds. | | |
| Deferred Charges on Defeased Debt | $ 22,338 | |
| Deferred Outflows of Resources - OPEB | 14,364,451 | |
| Deferred Inflows of Resources - OPEB | (6,918,332) | |
| ERS Deferred Outflows of Resources - Pension | 1,612,691 | |
| ERS Deferred Inflows of Resources - Pension | (2,118,829) | |
| TRS Deferred Outflows of Resources - Pension | 4,262,732 | |
| TRS Deferred Inflows of Resources - Pension | (857,380) | 10,367,671 |
| Long-term liabilities, including bonds payable, employee retirement incentive, compensated absences, and amounts due for other postemployment employee benefits are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds Payable | $ (1,868,365) | |
| Unamortized Bond Premium | (134,889) | |
| BAN Premium | (377,270) | |
| Retainage Payable | (1,036,800) | |
| Compensated Absences | (969,289) | |
| Other Postemployment Benefits Liabilities | (65,221,019) | |
| Due to Retirement Systems | (149,932) | (69,757,564) |
| Interest is accrued on outstanding balances of debt obligations in the District-wide financial statements. | | |
| Accrued Interest on Long-Term Debt | | (198,866) |
| **Net (Deficit) of Governmental Activities** | | **$ (39,666,387)** |

*See Notes to Basic Financial Statements*

# LITTLE FALLS CITY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

| | Major Funds | | | |
|---|---|---|---|---|
| | General Fund | Capital Projects Fund | Total Non-Major Governmental Funds | Total Governmental Funds |
| **REVENUES** | | | | |
| Real Property Taxes | $ 7,482,072 | $ - | $ - | $ 7,482,072 |
| Real Property Tax Items | 1,705,320 | - | - | 1,705,320 |
| Charges for Services | 83,932 | - | - | 83,932 |
| Use of Money and Property | 25,260 | - | 54 | 25,314 |
| Sale of Property and Compensation for Loss | 17,706 | - | - | 17,706 |
| Miscellaneous | 457,949 | - | 19,212 | 477,161 |
| State Sources | 12,749,101 | 614,670 | 186,187 | 13,549,958 |
| Medicaid Reimbursement | 78,893 | - | - | 78,893 |
| Federal Sources | 375,002 | - | 1,016,563 | 1,391,565 |
| Sales - School Lunch | - | - | 17,317 | 17,317 |
| **Total Revenues** | 22,975,235 | 614,670 | 1,239,333 | 24,829,238 |
| **EXPENDITURES** | | | | |
| General Support | 2,863,297 | - | - | 2,863,297 |
| Instruction | 10,763,521 | - | 1,185,865 | 11,949,386 |
| Pupil Transportation | 1,103,259 | - | 1,937 | 1,105,196 |
| Employee Benefits | 6,878,310 | - | 23,071 | 6,901,381 |
| Debt Service | | | | |
| Principal | 551,528 | - | 25,000 | 576,528 |
| Interest | 106,607 | - | 153,770 | 260,377 |
| Cost of Sales | - | - | 188,363 | 188,363 |
| Capital Outlay | - | 13,647,408 | - | 13,647,408 |
| **Total Expenditures** | 22,266,522 | 13,647,408 | 1,578,006 | 37,491,936 |
| Excess (Deficiency) of Revenues Over Expenditures | 708,713 | (13,032,738) | (338,673) | (12,662,698) |
| **OTHER FINANCING SOURCES AND (USES)** | | | | |
| BANs Redeemed from Appropriations | - | 25,000 | - | 25,000 |
| Premium on Obligations | - | - | 377,270 | 377,270 |
| Operating Transfers In | - | - | 30,946 | 30,946 |
| Operating Transfers (Out) | (5,946) | (25,000) | - | (30,946) |
| **Total Other Sources (Uses)** | (5,946) | - | 408,216 | 402,270 |
| Net Change in Fund Balance | 702,767 | (13,032,738) | 69,543 | (12,260,428) |
| Fund Balances - Beginning of Year | 3,427,146 | (10,092,130) | 416,243 | (6,248,741) |
| **Fund Balances (Deficit) - End of Year** | **$ 4,129,913** | **$ (23,124,868)** | **$ 485,786** | **$ (18,509,169)** |

*See Notes to Basic Financial Statements*

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Funds** | | **$ (12,260,428)** |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | | |
| Capital Outlay | $ 14,720,508 | |
| Depreciation Expense | (1,493,862) | 13,226,646 |
| Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, BAN premiums are recognized as revenue in the fund financial statements, but are amortized against interest expense in the Government-Wide statements. | | |
| BAN Premium | $ (377,270) | |
| Principal Payments and Refunded Debt | 551,528 | 174,258 |
| Long-term liabilities, such as those associated with employee benefits, and retainage payable are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to other postemployment benefits do not affect current financial resources and are, also, not reported in the Governmental Funds. | | |
| Other Postemployment Benefits Liabilities | $ (1,523,227) | |
| Employee Retirement Incentive | 67,390 | |
| Retainage Payable | (1,036,800) | |
| Compensated Absences | (160,812) | (2,653,449) |
| Interest expense reported in the Statement of Activities includes changes in accrued interest, premiums on obligations, and deferred charges from advance refunding of bonds. These items are not included in interest expense in the Governmental Fund financial statements. | | |
| Amortization of Bond Premium | $ 69,697 | |
| Amortization of Deferred Amounts on Refunded Debt | (11,542) | |
| Change in Accrued Interest | (129,155) | (71,000) |
| Changes in the School District's proportionate share of net pension assets and liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to pensions do not affect current financial resources and are, also, not reported in the Governmental Funds. | | |
| TRS | $ (955,537) | |
| ERS | 139,694 | (815,843) |
| **Net Change in Net Position of Governmental Activities** | | **$ (2,399,816)** |

*See Notes to Basic Financial Statements*

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## STATEMENT OF FIDUCIARY NET POSITION
## JUNE 30, 2021

| | Custodial Funds |
|---|---|
| **ASSETS** | |
| Cash - Unrestricted | $ 52,639 |
| **Total Assets** | **$ 52,639** |
| **NET POSITION** | |
| Extraclassroom Activity Funds Balance | **$ 52,639** |

*See Notes to Basic Financial Statements*

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## FOR THE YEAR ENDED JUNE 30, 2021

| | Custodial Funds |
|---|---|
| **ADDITIONS** | |
| Extraclass Receipts | $ 26,450 |
| **Total Additions** | 26,450 |
| **DEDUCTIONS** | |
| Extraclass Disbursements | 33,050 |
| Change in Net Position | (6,600) |
| Net Position - Beginning of Year | 59,239 |
| **Net Position - End of Year** | **$ 52,639** |

*See Notes to Basic Financial Statements*

*Note 1* **Summary of Significant Accounting Policies**

The accompanying financial statements of the Little Falls City School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education (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 authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity,” as amended:

- The primary government, which is the Little Falls City School District;
- 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 basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the Little Falls City School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's office, located 15 Petrie St. Little Falls, NY 13365.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Joint Venture**
The Little Falls City School District is one of the component school districts in the Herkimer/Fulton/Hamilton/Otsego 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 that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

Separate financial statement of Herkimer/Fulton/Hamilton/Otsego Counties BOCES may be obtained by contacting the Executive Director of Business, Herkimer/Fulton/Hamilton/Otsego BOCES, 352 Gros Boulevard, Herkimer, NY 13350.

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

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

***Note 1*** **Summary of Significant Accounting Policies - Continued**

**Governmental Fund Financial Statements**
The Governmental Fund financial statements provide information about the School District's funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Governmental Fund financial statements is on major Governmental Funds, each displayed in a separate column.

The School District reports the following Major Governmental Funds:

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

- Capital Projects Fund: Accounts for the financial resources used for the renovation of the School District's educational complex.

The School District reports the following Non-Major Governmental funds:

- Special Revenue Funds - Accounts for the proceeds of specific revenue sources (other than capital projects) legally restricted to expend for specific purposes.

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

    - School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.

    - Miscellaneous Special Revenue Fund: Accounts for Scholarship Funds awarded to individual students.

- Debt Service Fund: Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

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

The School District reports the following Fiduciary Funds:

- Custodial Fund: Assets are held by the school District as agent for Extraclassroom Activity funds.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Measurement Focus and Basis of Accounting**
The District-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned 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 financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

**Cash and Investments**
The School District's cash, and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts. Investments are stated at fair value.

**Accounts Receivable**
Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Due To/From Other Funds**
Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

**Inventories and Prepaid Items**
Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. 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 School 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 Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance equal to inventories and prepaid amounts is reported as nonspendable, as these assets are not in spendable form in the current period.

**Capital Assets**
Capital assets are reported at actual cost for acquisitions subsequent to the adoption of GASB Statement No. 34. For assets acquired prior to the adoption of GASB Statement No. 34, estimated historical costs, based on appraisal and research of the School District's accounting records, were used. Donated assets are reported at acquisition value at the time received.

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 financial statements are as follows:

| | Capitalization Threshold | Estimated Useful Life |
|---|---|---|
| Buildings | $ 50,000 | 15-50 Years |
| Building Improvements | 20,000 | 15-50 Years |
| Furniture and Equipment | 5,000 | 8-20 Years |
| Site Improvements | 5,000 | 15-50 Years |

The School District utilizes the straight-line method of depreciation.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Deferred Outflows and Deferred Inflows of Resources**
In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows of resources related to pensions and Other Postemployment Benefits (OPEB) plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions, and OPEB plans are described in Note 10 and 11, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District sometimes reports unavailable revenues under the modified accrual basis of accounting in the Balance Sheet - Governmental Funds. In the Statement of Net Position, the School District also reports deferred inflows of resources related to pensions and OPEB plans which are further described in Note 10 and 11, respectively.

**Unearned and Unavailable Revenues**
Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

The Governmental Fund financial statements report unavailable revenues when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflow of resources is removed, and revenues are recorded.

**Vested Employee Benefits - Compensated Absences**
Compensated absences consist of unpaid accumulated annual sick and vacation leave.

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

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

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Vested Employee Benefits - Compensated Absences - Continued**
Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

**Other Postemployment Benefits (OPEB)**
School District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

**Accrued Liabilities and Long-Term Obligations**
Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full of current financial resources. Claims and judgements, other postemployment benefit payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund's financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Restricted Resources**
When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

**Equity Classifications - District-Wide Financial Statements**
Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted - Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted - Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

**Equity Classifications - Governmental Fund Financial Statements**
Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.

- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.

- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.

***Note 1*** **Summary of Significant Accounting Policies - Continued**

**Equity Classifications - Governmental Fund Financial Statements - Continued**

- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority the Board of Education, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit or assign fund balance. Currently, fund balance is assigned by the Business Official for encumbrances and the Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Legally Adopted Reserves**
Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures, or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within New York State. These reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by the School District include the following:

- Retirement Contribution Reserve (GML §6-r): Used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. This reserve is accounted for in the General Fund.

- Employee Benefit Accrued Liability Reserve (GML §6-p): Used to reserve funds for payment of accrued employee benefits upon termination of an 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.

- Mandatory Reserve for Debt Service (GML §6-l) - Used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvements that were financed by obligations which 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 improvements. This reserve is accounted for in the Debt Service Fund.

**Property Taxes**
Real property taxes are levied annually by the Board of Education no later than September 1. For the year ended June 30, 2021, the tax lien was issued on August 21, 2020. Taxes were collected during the period September 1, 2020 to November 30, 2020.

Uncollected real property taxes are subsequently enforced by the city and county in which the School District is located. An amount representing uncollected real property taxes must be transmitted by the city to the School District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within 60 days of year end, less similar amounts collected during this period in the preceding year, are recognized as revenue. Otherwise, deferred inflows of resources offset real property taxes receivable. There were no taxes receivable or associated deferred inflows of resources at June 30, 2021.

*Note 1* **Summary of Significant Accounting Policies - Continued**

**Interfund Transfers**
The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

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

**New Accounting Standards**
The School District adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) effective for the year ended June 30, 2021:

- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending June 30, 2021. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.

**Future Changes in Accounting Standards**
GASB has issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance," which delays the implementation dates for several GASB statements as follows.

- GASB has issued Statement No. 87, "Leases," effective for the year ending June 30, 2021, delayed by GASB Statement No. 95 to June 30, 2022.

- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending June 30, 2021, delayed by GASB Statement No. 95 to June 30, 2022.

- GASB has issued Statement No. 92, "Omnibus 2020," effective for the year ending June 30, 2022.

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

*Note 2* **Participation in BOCES**

During the year ended June 30, 2021, the School District's share of BOCES income amounted to $1,324,341. The School District was billed $2,884,818 for BOCES administration and program costs. Financial statements for the Herkimer County BOCES are available from the BOCES administrative office at 352 Gros Blvd, Herkimer, NY 13350-1446.

*Note 3* **Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate, and Foreign Currency Risks**

Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District’s investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the School District’s name.

The School District’s aggregate bank balances of $11,050,669 are either insured or collateralized with securities held by the pledging financial institution in the School District’s name.

Restricted cash and investments consisted of the following at June 30, 2021:

| | | |
|---|---|---|
| Restricted for Debt Service | $ | 223,500 |
| Restricted for General Fund Reserves | | 555,561 |
| Restricted for Unspent Debt Proceeds | | 5,612,792 |
| Restricted for Scholarships | | 187,032 |
| **Total** | **$** | **6,578,885** |

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

***Note 3*** **Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks - Continued**

The School District has investments in donated Special Revenue Funds. The School District chooses to disclose its investments by specifically identifying each. The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as below:

| Investments | Cost | Carrying Amount Fair Value | Type of Investment | Level |
|---|---|---|---|---|
| Miscellaneous Special Revenue Fund | $ 119,382 | $ 119,382 | U.S. Mortgage Backed Securities | 1 |
| Miscellaneous Special Revenue Fund | 74,781 | 74,781 | Certificate of Deposit | 2 |
| **Total** | **$ 194,163** | **$ 194,163** | | |

The certificate of deposit is a one-year certificate of deposit maturing on November 3, 2021 at an interest rate of 0.10%.

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

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

*Note 4* **Other Receivables**

Other receivables consisted of the following, which are stated at net realizable value:

| | Description | Amount |
|---|---|---|
| General Fund | Charges for Services and Reimbursements | $ 108,564 |
| **Total** | | **$ 108,564** |

*Note 5* **Interfund Balances and Activity**

Interfund balances at June 30, 2021 are as follows:

| | Interfund Receivable | Interfund Payable | Interfund Revenues | Interfund Expenditures |
|---|---|---|---|---|
| **Major Funds:** | | | | |
| General Fund | $ 607,771 | $ 412,731 | $ - | $ 5,946 |
| Capital Projects Fund | 563,475 | 28,171 | - | 25,000 |
| **Non-Major Funds:** | | | | |
| Special Aid Fund | 94,415 | 866,409 | 5,946 | - |
| School Lunch Fund | 20,400 | 202,250 | - | - |
| Debt Service Fund | 377,270 | 153,770 | 25,000 | - |
| **Total** | **$ 1,663,331** | **$ 1,663,331** | **$ 30,946** | **$ 30,946** |

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Funds, as needed, to fund capital projects.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

## *Note 6* Capital Assets

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

| Governmental Activities | Beginning Balance | Additions | Retirements and Reclassifications | Ending Balance |
|---|---|---|---|---|
| Capital Assets That Are Not Depreciated: | | | | |
| Land | $ 477,202 | $ - | $ - | $ 477,202 |
| Construction in Progress | 10,092,130 | 14,638,208 | - | 24,730,338 |
| Total Nondepreciable Historical Cost | 10,569,332 | 14,638,208 | - | 25,207,540 |
| Capital Assets That Are Depreciated: | | | | |
| Buildings | 38,519,046 | - | - | 38,519,046 |
| Improvements Other Than Buildings | 926,837 | - | - | 926,837 |
| Furniture and Equipment | 2,076,675 | 82,300 | - | 2,158,975 |
| Total Depreciable Historical Cost | 41,522,558 | 82,300 | - | 41,604,858 |
| Total Historical Cost | 52,091,890 | 14,720,508 | - | 66,812,398 |
| Less Accumulated Depreciation: | | | | |
| Buildings | (24,112,882) | (1,196,281) | - | (25,309,163) |
| Improvements Other Than Buildings | (465,855) | (81,144) | - | (546,999) |
| Furniture and Equipment | (1,035,866) | (216,437) | - | (1,252,303) |
| Total Accumulated Depreciation | (25,614,603) | (1,493,862) | - | (27,108,465) |
| **Total Historical Cost, Net** | **$ 26,477,287** | **$ 13,226,646** | **$ -** | **$ 39,703,933** |

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---|
| General Support | $ 49,913 |
| Instruction | 1,365,809 |
| Pupil Transportations | 73,570 |
| School Lunch Program | 4,570 |
| **Total Depreciation Expense** | **$ 1,493,862** |

## *Note 7* Short-Term Debt

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The School District did not issue or redeem any RANs or TANs during the year.

*Note 7* **Short-Term Debt - Continued**

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

The School District may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds to fund capital projects. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. Such notes may be classified as long-term when (1) the intention is to refinance the debt on a long-term basis, and (2) the intention can be substantiated through a post-balance sheet issuance of long-term debt or by an acceptable financing agreement. BAN activity for the year is summarized below:

| | Interest Rate | Maturity Date | Beginning Balance | Issued | Redeemed | Ending Balance |
|---|---|---|---|---|---|---|
| 2020 BAN | 1.75% | 02/05/2021 | $ 5,800,000 | $ - | $ 5,800,000 | $ - |
| 2020 BAN | 1.25% | 02/05/2021 | - | 6,500,000 | 6,500,000 | - |
| 2020 BAN | 0.50% | 02/05/2021 | - | 1,000,000 | 1,000,000 | - |
| 2021 BAN | 1.50% | 02/04/2021 | - | 29,306,330 | - | 29,306,330 |
| BAN Premium | | | | 377,270 | | 377,270 |
| **Total** | | | **$ 5,800,000** | **$ 37,183,600** | **$ 13,300,000** | **$ 29,683,600** |

Interest expense on short-term debt during the year was comprised of:

| | |
|---|---|
| Interest Paid | $ 153,770 |
| Less Interest Accrued in the Prior Year | (40,600) |
| Plus Interest Accrued in the Current Year | 177,059 |
| **Total** | **$ 290,229** |

*Note 8* **Long-Term Debt**

At June 30, 2021, the total outstanding indebtedness of the School District represented 199.6% of its statutory debt limit, exclusive of building aid. District received consent from the New York State Comptroller to issue obligations in excess of the allowable limit, pursuant to paragraph c of §104.00 of the Local Finance Law. Long-term debt is classified as follows:

- Serial Bonds and Statutory Installment Bonds (SIBs) - The School District borrows money in order to acquire land or equipment or construct buildings and 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. SIBs are sometimes issued directly with a financial institution or investor and are not offered for public sale. There are no terms that present additional risk to the School District associated with these direct borrowings or placements.

The following is a summary of the School District's long-term debt for the year ended June 30, 2020:

| Description of Issue | Issue Date | Final Maturity | Interest Rate | Outstanding June 30, 2021 |
|---|---|---|---|---|
| **Bonds** | | | | |
| 2019 Refunding Bond | 07/18/2019 | 04/15/2025 | 5.00% | $ 1,715,000 |
| 2016 SIB | 10/07/2016 | 10/07/2021 | 3.10% | 12,878 |
| 2018 SIB | 09/22/2017 | 09/22/2022 | 2.60% | 49,287 |
| 2019 SIB | 08/21/2019 | 08/21/2024 | 3.40% | 91,200 |
| **Total Bonds** | | | | 1,868,365 |
| Plus Premium on Refinancing | | | | 134,889 |
| **Total Bonds Payable** | | | | **$ 2,003,254** |

Interest expense on long-term debt during the year was:

| | |
|---|---|
| Interest Paid | $ 106,607 |
| Less Interest Accrued in the Prior Year | (29,111) |
| Plus Interest Accrued in the Current Year | 21,807 |
| Plus Amortization of Deferred Charges on Defeased Debt | 11,542 |
| Less Amortization of Bond Premium | (69,697) |
| **Total** | **$ 41,148** |

***Note 8*** **Long-Term Debt - Continued**

Interest paid on the Serial Bonds varies from year to year, in accordance with interest rates specified in the bond agreements.

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

| Governmental Activities | Beginning Balance | Issued | Redeemed | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Bonds | $ 2,419,893 | $ - | $ (551,528) | $ 1,868,365 | $ 525,319 |
| Plus: Premium on Refunded Debt | 204,586 | - | (69,697) | 134,889 | 53,973 |
| **Total** | **$ 2,624,479** | **$ -** | **$ (621,225)** | **$ 2,003,254** | **$ 579,292** |

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges on defeased debt are summarized as follows:

| | Beginning Balance | Issued | Redeemed | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| 2019 Refunding Bonds | $ 33,880 | $ - | $ (11,542) | $ 22,338 | $ 8,938 |
| **Total Deferred Charges on Defeased Debt** | **$ 33,880** | **$ -** | **$ (11,542)** | **$ 22,338** | **$ 8,938** |

The following is a summary of the maturity of long-term indebtedness:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 525,319 | $ 81,288 | $ 606,607 |
| 2023 | 527,443 | 65,708 | 593,151 |
| 2024 | 522,803 | 40,379 | 563,182 |
| 2025 | 292,800 | 14,668 | 307,468 |
| **Total** | **$ 1,868,365** | **$ 202,043** | **$ 2,070,408** |

On July 18, 2019, the School District issued $2,620,000 in general obligation bonds, with interest rates ranging between 2.0% and 5.0%. The School District issued the bonds to advance refund the $2,770,000 outstanding general obligation bonds with and interest rate of 5.00%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the $2,770,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was $1,835,000 at June 30, 2021.

***Note 9*** **Other Long-Term Obligations**

- Compensated absences represent the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.

- Due to Retirement Systems: Represents amounts to be amortized for a portion of the School District's prior years' required contributions to the New York State Employees' Retirement system. This liability is liquidated from the General and School Lunch Funds. See Note 10 for further information.

Other Long-Term Obligation balances and activity are summarized as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Compensated Absences | $ 808,477 | $ 160,812 | $ - | $ 969,289 | $ - |
| Due to Retirement Systems | 217,322 | - | (67,390) | 149,932 | 49,730 |
| **Total Long-Term Obligations** | **$ 1,025,799** | **$ 160,812** | **$ (67,390)** | **$ 1,119,221** | **$ 49,730** |

Changes to other long-term obligations are reported net, as it is impractical to individually determine the amount of additions and deletions during the year.

The following is a summary of the maturity of amounts due to Employees' Retirement System:

| Fiscal Year Ending June 30, | Principal |
|---|---|
| 2022 | $ 49,730 |
| 2023 | 49,761 |
| 2024 | 34,242 |
| 2025 | 16,199 |
| **Total** | **$ 149,932** |

***Note 10*** **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

**Plan Descriptions and Benefits Provided**

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

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the New York State Retirement and Social Security Law (RSSL), those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

*Note 10* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Plan Descriptions and Benefits Provided - Continued**

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

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

**Summary of Significant Accounting Policies**
The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

***Note 10*** **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Contributions**

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

| Year | ERS | TRS |
|---|---|---|
| **2021** | **$ 335,542** | **$ 688,565** |
| 2020 | 412,118 | 824,077 |
| 2019 | 403,630 | 721,907 |

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

At June 30, 2021, the School 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, 2021 for ERS and June 30, 2020 for TRS. The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension asset/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

| | ERS | TRS |
|---|---|---|
| Actuarial Valuation Date | 4/1/2020 | 6/30/2019 |
| Net Pension Asset/Liability | $ 99,573,957 | $ 2,763,270,835 |
| School District's Proportionate Share of the Plan's Total Net Pension Asset/Liability | 7,155 | 1,265,237 |
| School District's Share of the Net Pension Asset/Liability | 0.007185% | 0.045788% |

***Note 10*** **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

For the year ended June 30, 2021, the School District recognized pension expense of $204,447 for ERS and $1,667,024 for TRS in the District-wide financial statements. At June 30, 2021, the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| | ERS | TRS | ERS | TRS |
| Differences Between Expected and Actual Experience | $ 87,377 | $ 1,108,600 | $ - | $ 64,841 |
| Changes of Assumptions | 1,315,498 | 1,600,230 | 24,811 | 571,398 |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments | - | 826,310 | 2,055,219 | - |
| Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions | 102,560 | 16,499 | 38,799 | 221,141 |
| School District's Contributions Subsequent to the Measurement Date | 107,256 | 711,093 | - | - |
| **Total** | **$ 1,612,691** | **$ 4,262,732** | **$ 2,118,829** | **$ 857,380** |

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended | ERS | TRS |
|---|---|---|
| 2022 | $ (91,328) | $ 456,449 |
| 2023 | (24,490) | 958,526 |
| 2024 | (102,827) | 773,401 |
| 2025 | (394,749) | 464,035 |
| 2026 | - | (3,218) |
| Thereafter | - | 46,066 |

*Note 10* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Actuarial Assumptions**
The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

| | ERS | TRS |
|---|---|---|
| Measurement Date | March 31, 2021 | June 30, 2020 |
| Actuarial Valuation Date | April 1, 2020 | June 30, 2019 |
| Investment Rate of Return | 5.9% | 7.1% |
| Salary Increases | 4.4% | 1.9% - 4.72% |
| Cost of Living Adjustments | 1.4% | 1.3% |
| Inflation Rate | 2.7% | 2.2% |

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

For ERS, the long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect 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. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

***Note 10*** **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Actuarial Assumptions - Continued**

| | ERS | TRS |
|---|---|---|
| Measurement Date | March 31, 2021 | June 30, 2020 |
| **Asset Type** | | |
| Domestic Equities | 4.1% | 7.1% |
| International Equities | 6.3% | 7.7% |
| Global Equities | 0.0% | 7.4% |
| Real Estate | 5.0% | 6.8% |
| Private Equity/Alternative Investments | 6.8% | 10.4% |
| Opportunistic Portfolio | 4.5% | 0.0% |
| Real Assets | 6.0% | 0.0% |
| Cash | 0.5% | 0.0% |
| Credit | 3.6% | 0.0% |
| Domestic Fixed Income Securities | 0.0% | 1.8% |
| Global Fixed Income Securities | 0.0% | 1.0% |
| Private Debt | 0.0% | 5.2% |
| Real Estate Debt | 0.0% | 3.6% |
| High-Yield Fixed Income Securities | 0.0% | 3.9% |
| Short-Term | 0.0% | 0.3% |

**Discount Rate**

The discount rate used to calculate the total pension asset/liability was 5.9% for ERS and 7.1% 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 contributions from employers will be made at statutorily required rates, actuarially determined. Based on 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.

*Note 10* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

The following presents the School District's proportionate share of the net pension asset/liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the School 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 or higher than the current rate:

| ERS | 1% Decrease (4.9%) | Current Assumption (5.9%) | 1% Increase (6.9%) |
|---|---|---|---|
| School District's Proportionate Share of the Net Pension Asset/Liability | $ 1,985,837 | $ 7,155 | $ (1,817,654) |

| TRS | 1% Decrease (6.1%) | Current Assumption (7.1%) | 1% Increase (8.1%) |
|---|---|---|---|
| School District's Proportionate Share of the Net Pension Asset/Liability | $ 7,992,064 | $ 1,265,237 | $ (4,380,276) |

**Pension Plan Fiduciary Net Position**

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

| | Dollars in Thousands | |
|---|---|---|
| | ERS | TRS |
| Measurement Date | March 31, 2021 | June 30, 2020 |
| Employers' Total Pension | $ 220,680,157 | $ 123,242,776 |
| Plan Net Position | (220,580,583) | (120,479,505) |
| **Employers' Net Pension Asset/Liability** | **$ 99,574** | **$ 2,763,271** |
| Ratio of Plan Net Position to the Employers' Total Pension Asset/Liability | 99.9% | 97.8% |

*Note 10* **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - 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, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to $107,256.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021 amounted to $756,518.

**Effect on Net Position**

Changes in the net pension asset/liability and deferred outflows and inflows of resources for the year ended June 30, 2021 resulted in the following effect on net position:

| | Beginning Balance | Change | Ending Balance |
|---|---|---|---|
| **ERS** | | | |
| Net Pension Liability | $ 1,983,009 | $ (1,975,854) | $ 7,155 |
| Deferred Outflows of Resources | (1,379,759) | (232,932) | (1,612,691) |
| Deferred Inflows of Resources | 49,737 | 2,069,092 | 2,118,829 |
| Subtotal | 652,987 | (139,694) | 513,293 |
| **TRS** | | | |
| Net Pension Asset/Liability | (1,153,943) | 2,419,180 | 1,265,237 |
| Deferred Outflows of Resources | (3,674,514) | (588,218) | (4,262,732) |
| Deferred Inflows of Resources | 1,732,805 | (875,425) | 857,380 |
| Subtotal | (3,095,652) | 955,537 | (2,140,115) |
| **Total Effect on Net Position** | **$ (2,442,665)** | **$ 815,843** | **$ (1,626,822)** |

*Note 11* **Postemployment Benefits Other than Pensions (OPEB)**

**General Information About the OPEB Plan**

Plan Description - The School District provides medical, dental, and prescription drug benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during postemployment. Nevertheless, both types of benefits constitute compensation for employee services. The benefits provided to employees upon retirement are based on provisions in various contracts that the School District has in place with different classifications of employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, as there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Employees Covered by Benefit Terms - At June 30, 2021, the following employees were covered by the benefit terms.

| | |
|---|---|
| Inactive Employees or Beneficiaries | |
| Currently Receiving Benefit Payments | 173 |
| Active Employees Enrolled in the Plan | 184 |
| **Total** | **357** |

**Total OPEB Liability**

The School District's total OPEB liability of $65,221,019 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Long-Term Bond Rate | 2.21% |
| Single Discount Rate | 2.21% |
| Salary Scale | 3.50% |
| Rate of Inflation | 2.50% |
| Dental Trend | 4.00% |
| Marital Assumption | 70.00% |
| Participation Rate | 100.00% for Retirees 85.00% for Spouses |
| Healthcare Cost Trend Rates | 7.00% for 2022, decreasing to an ultimate rate of 4.04% for 2091 and later years |

***Note 11*** **Postemployment Benefits Other than Pensions (OPEB) - Continued**

**Total OPEB Liability - Continued**
The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index as of the measurement date (or the nearest business day thereto).

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2020 mortality improvement scale on a fully generational basis.

Rates of turnover and retirement rates are based on rates of decrement due to turnover and retirement based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation (August 2020). Please refer to Exhibits 6-1 through 6-4 for the complete turnover tables.

Election percentage: It was assumed that 100% of future retirees eligible for coverage will elect retiree group benefits

Spousal Coverage: It was assumed that 85% of future retirees will elect spousal coverage upon retirement.

The annual rate of increase in healthcare costs were developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model (v2020_b). The short term (first 4 years) trend rates were based on the recent premium rate history for Little Falls CSD. The long-term (after 4 years) trend rates were based on various assumptions.

Health Care Cost Trend rates were developed using the baseline projection of the SOA Long Run Medical Cost Trend Model (v2020_b). The short term (first 4 years) bend rates were based on the recent premium rate history for Little Falls CSD. The long-term (after 4 years) Trend rates were based on the following assumptions:

Rate of Inflation: 2.5%
Rate of Growth in Real Income / GDP per Capita: 1.5%
Extra Trend due to Technology and Other Factors: 1.1%
Health Share of GDP Resistance Point 25%

The actuarial assumptions used in the July 1, 2020 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

***Note 11*** **Postemployment Benefits Other than Pensions (OPEB) - Continued**

**Changes in the Total OPEB Liability**

| | Total OPEB Liability |
|---|---|
| **Balance at June 30, 2020** | $ 50,425,588 |
| | |
| **Changes for the Year** | |
| Service Cost | 1,643,100 |
| Interest Cost | 1,796,559 |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experience | (224,410) |
| Changes in Assumptions or Other Inputs | 13,057,117 |
| Benefit Payments | (1,476,935) |
| Net Change | 14,795,431 |
| | |
| **Balance at June 30, 2021** | **$ 65,221,019** |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% percent in 2020 to 2.21% in 2021.

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

| | 1% Decrease (1.21%) | Discount Rate (2.21%) | 1% Increase (3.21%) |
|---|---|---|---|
| Total OPEB Liability | $ 77,590,874 | $ 65,221,019 | $ 55,432,932 |

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

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $ 53,786,774 | $ 65,221,019 | $ 80,350,088 |

*Note 11* **Postemployment Benefits Other than Pensions (OPEB) - Continued**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**
For the year ended June 30, 2021, the School District recognized OPEB expense of $3,212,781.

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ - | $ 2,124,647 |
| Changes in Assumptions or Other Inputs | 12,674,897 | 4,793,685 |
| Contributions Subsequent to Measurement Date | 1,689,554 | - |
| **Total** | **$ 14,364,451** | **$ 6,918,332** |

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other 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, | Amount |
|---|---|
| 2022 | $ (226,878) |
| 2023 | 471,128 |
| 2024 | 1,098,250 |
| 2025 | 2,682,318 |
| 2026 | 1,731,747 |
| Thereafter | - |

**Effect on Net Position**
Changes in the OPEB liability and deferred outflows and inflows of resources for the year ended June 30, 2021 resulted in the following effect on net position:

| | Beginning Balance | Change | Ending Balance |
|---|---|---|---|
| Other Postemployment Benefits Liability | $ 50,425,588 | $ 14,795,431 | $ 65,221,019 |
| Deferred Outflows of Resources | (3,825,289) | (10,539,162) | (14,364,451) |
| Deferred Inflows of Resources | 9,651,374 | (2,733,042) | 6,918,332 |
| **Total Effect on Net Position** | **$ 56,251,673** | **$ 1,523,227** | **$ 57,774,900** |

## *Note 12* Commitments and Contingencies

**Worker's Compensation**
The School District participates in the Madison, Oneida, and Herkimer Workers' Compensation Consortium (Plan) for its workers' compensation insurance coverage. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control system. School Districts joining the plan must remain members for a minimum of one year; a member may withdraw from the Plan after that time by submitting a notice of withdrawal 120 days prior to the Plan's year end.

Plan members include 31 other school districts and 9 other governmental units, including BOCES, with the School District bearing its proportionate share of the Plan's assets and claims liabilities. 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 insured.

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 claim 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.

During the year ended June 30, 2021, the School District incurred premiums or contribution expenditures totaling $-0-.

**Risk Financing and Related Insurance - General Information**
The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

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

**NOTES TO FINANCIAL STATEMENTS**
**JUNE 30, 2021**

## *Note 13* Fund Balance Detail

At June 30, 2021, nonspendable, restricted, and assigned fund balance in the governmental funds was as follows:

| | Major Funds | | Non-Major Funds | | |
|---|---|---|---|---|---|
| | General Fund | Capital Fund | School Lunch Fund | Misc. Special Revenue Fund | Debt Service Fund |
| **Nonspendable** | | | | | |
| Inventory | $ - | $ - | $ 12,013 | $ - | $ - |
| **Total Nonspendable Fund Balance** | **$ -** | **$ -** | **$ 12,013** | **$ -** | **$ -** |
| **Restricted** | | | | | |
| Reserve for Retirement Contributions - ERS | $ 225,203 | $ - | $ - | $ - | $ - |
| Reserve for Retirement Contributions - TRS | 155,873 | - | - | - | - |
| Employee Benefit Accrued | | | | | |
| Liability Reserve | 174,485 | - | - | - | - |
| Scholarships | - | - | - | 381,195 | - |
| Debt | - | - | - | - | 223,500 |
| **Total Restricted Fund Balance** | **$ 555,561** | **$ -** | **$ -** | **$ 381,195** | **$ 223,500** |
| **Assigned** | | | | | |
| Encumbered for: | | | | | |
| General Support | $ 40,059 | $ - | $ - | $ - | $ - |
| Instruction | 31,700 | - | - | - | - |
| **Total Assigned Fund Balance** | **$ 71,759** | **$ -** | **$ -** | **$ -** | **$ -** |
| **Unassigned** | | | | | |
| Remaining Unassigned | $ 3,502,593 | $ (23,124,868) | $ (130,922) | $ - | $ - |
| **Total Unassigned Fund Balance** | **$ 3,502,593** | **$ (23,124,868)** | **$ (130,922)** | **$ -** | **$ -** |

## *Note 14* Restricted Fund Balances

Portions of restricted fund balance are reserved and not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity of the General Fund reserves, for the year ended June 30, 2021, were as follows:

| General Fund | Beginning Balance | Additions | Interest Earned | Appropriated | Ending Balance |
|---|---|---|---|---|---|
| Reserve for Retirement Contributions - ERS | $ 225,025 | $ - | $ 178 | $ - | $ 225,203 |
| Reserve for Retirement Contributions - TRS | 155,749 | - | 124 | - | 155,873 |
| Employee Benefit | | | | | |
| Accrued Liability Reserve | 174,348 | - | 137 | - | 174,485 |
| **Total Restricted Fund Balance** | **$ 555,122** | **$ -** | **$ 439** | **$ -** | **$ 555,561** |

## *Note 15* Stewardship, Compliance, and Accountability

**Compliance with Real Property Tax Law §1318**

As described in Note 1, Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. The School District's unexpended surplus at June 30, 2021 exceeded this limit by $2,455,037. The excess was largely the result of unanticipated revenue and cost savings. School District management has discussed several options to address the excess fund balance issue.

**Deficit Net Position**

At June 30, 2021, the District-wide Statement of Net Position had a deficit net position of $39,289,117. This is primarily the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability (see Note 11). This deficit is not expected to be eliminated during the normal course of operations.

**Deficit Unassigned Fund Balance**

At June 30, 2021, the Capital Projects Fund had an unrestricted fund deficit of $23,124,868. This deficit is expected to be eliminated as the School District finances ongoing capital projects. The School Lunch Fund had an unassigned fund balance deficit of $130,922. This deficit is not expected to be eliminated during the normal course of operations.

## *Note 16* Tax Abatements

For the year ended June 30, 2021, property in the School District was subject to property tax abatements negotiated by the Herkimer County IDA (HCIDA).

HCIDA enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by $167,758, and the School District subsequently received payment in lieu of taxes (PILOT) payments totaling $203,124.

## *Note 17* Uncertainty

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus included quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies on the area in which the School District operates. The School District completed the school year in an online learning format and is beginning the 2021-2022 academic year in a primarily in person format. While it is unknown how long these conditions will last and what the complete financial effect will be, the School District expects disruptions to businesses and residents and potential effects to state government funding, which could negatively impact operating results in future periods.

***Note 18*** **Restatement**

During the year, the District adopted GASB Statement No. 84. The School District's June 30, 2020 net position for governmental funds has been restated to reflect the following:

| | Net Position (Deficit) | Governmental Funds Fund Balance | Miscellaneous Special Revenue Fund Balance | Custodial Fund Balance |
|---|---|---|---|---|
| **Balance Beginning of Year, as Previously Reported** | $ (37,658,853) | $ (6,641,023) | $ - | $ - |
| GASB Statement No. 84 Implementation | $ 392,282 | $ 392,282 | $ 392,282 | $ 59,239 |
| **Balance Beginning of Year, as Restated** | **$ (37,266,571)** | **$ (6,248,741)** | **$ 392,282** | **$ 59,239** |

# LITTLE FALLS CITY SCHOOL DISTRICT

## SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP)
## GENERAL FUND
## FOR THE YEAR ENDED JUNE 30, 2021

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| **Local Sources** | | | | |
| Real Property Taxes | $ 8,959,488 | $ 8,959,488 | $ 7,482,072 | $ (1,477,416) |
| Other Tax Items | 192,572 | 192,572 | 1,705,320 | 1,512,748 |
| Charges for Services | 115,000 | 115,000 | 83,932 | (31,068) |
| Use of Money and Property | 30,000 | 30,000 | 25,260 | (4,740) |
| Sale of Property and Compensation for Loss | - | - | 17,706 | 17,706 |
| Miscellaneous | 425,000 | 425,000 | 457,949 | 32,949 |
| Interfund Revenues | 60,000 | 60,000 | 78,893 | 18,893 |
| **Total Local Sources** | 9,782,060 | 9,782,060 | 9,851,132 | 69,072 |
| State Sources | 12,427,186 | 12,427,186 | 12,749,101 | 321,915 |
| Federal Sources | - | 432,691 | 375,002 | (57,689) |
| **Total Revenues** | 22,209,246 | 22,641,937 | 22,975,235 | 333,298 |
| Total Revenues and Other Financing Sources | 22,209,246 | 22,641,937 | **$ 22,975,235** | **$ 333,298** |
| Appropriated Fund Balance | 290,000 | 290,000 | | |
| Encumbrances Carried Forward from Prior Year | 1,042 | 1,042 | | |
| **Total Revenues, Appropriated Reserves, and Designated Fund Balance** | **$ 22,500,288** | **$ 22,932,979** | | |

*See Notes to Required Supplementary Information*

# LITTLE FALLS CITY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP)
## GENERAL FUND
## FOR THE YEAR ENDED JUNE 30, 2021

| | Original Budget | Final Budget | Actual | Encumbrances | Variance Favorable (Unfavorable) |
|---|---|---|---|---|---|
| **EXPENDITURES** | | | | | |
| **General Support** | | | | | |
| Board of Education | $ 30,650 | $ 40,852 | $ 40,089 | $ - | $ 763 |
| Central Administration | 223,512 | 231,751 | 231,751 | - | - |
| Finance | 484,681 | 478,821 | 453,777 | - | 25,044 |
| Staff | 45,222 | 45,222 | 39,042 | - | 6,180 |
| Central Services | 1,842,619 | 1,686,864 | 1,578,336 | 40,059 | 68,469 |
| Special Items | 630,939 | 522,666 | 520,302 | - | 2,364 |
| **Total General Support** | 3,257,623 | 3,006,176 | 2,863,297 | 40,059 | 102,820 |
| **Instruction** | | | | | |
| Instruction, Administration, and Improvement | 779,251 | 836,389 | 836,389 | - | - |
| Teaching - Regular School | 5,532,152 | 6,051,204 | 6,050,694 | 510 | - |
| Programs for Children with Handicapping Conditions | 2,033,635 | 2,169,450 | 2,139,675 | 29,775 | - |
| Occupational Education | 550,940 | 600,396 | 600,396 | - | - |
| Teaching - Special School | 58,000 | 58,000 | 35,200 | - | 22,800 |
| Instructional Media | 434,334 | 471,395 | 471,395 | - | - |
| Pupil Services | 767,738 | 712,366 | 629,772 | 1,415 | 81,179 |
| **Total Instruction** | 10,156,050 | 10,899,200 | 10,763,521 | 31,700 | 103,979 |
| Pupil Transportation | 1,218,964 | 1,122,235 | 1,103,259 | - | 18,976 |
| Employee Benefits | 7,224,189 | 7,235,231 | 6,878,310 | - | 356,921 |
| **Debt Service** | | | | | |
| Principal | 528,729 | 551,529 | 551,528 | - | 1 |
| Interest | 102,733 | 106,608 | 106,607 | - | 1 |
| **Total Debt Service** | 631,462 | 658,137 | 658,135 | - | 2 |
| **Total Expenditures** | 22,488,288 | 22,920,979 | 22,266,522 | 71,759 | 582,698 |
| **OTHER FINANCING USES** | | | | | |
| Operating Transfers Out | 12,000 | 12,000 | 5,946 | - | 6,054 |
| **Total Expenditures and Other Financing Uses** | **$ 22,500,288** | **$ 22,932,979** | 22,272,468 | **$ 71,759** | **$ 588,752** |
| Net Change in Fund Balance | | | 702,767 | | |
| Fund Balance - Beginning of Year | | | 3,427,146 | | |
| **Fund Balance - End of Year** | | | **$ 4,129,913** | | |

*See Notes to Required Supplementary Information*

# LITTLE FALLS CITY SCHOOL DISTRICT

## SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
## NYSLRS PENSION PLAN
## FOR THE LAST 10 FISCAL YEARS

| | **2021** | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | **$ 335,542** | $ 412,118 | $ 403,630 | $ 405,905 | $ 394,211 | $ 427,807 | $ 421,959 | $ 388,379 | $ 422,210 | $ 292,131 |
| Contributions in Relation to the Contractually Required Contribution | **(335,542)** | (412,118) | (403,630) | (405,905) | (394,211) | (427,807) | (421,959) | (388,379) | (422,210) | (292,131) |
| Contribution Deficiency (Excess) | **-** | - | - | - | - | - | - | - | - | - |
| School District's Covered Payroll for Year Ended June 30, | **2,432,967** | 2,447,085 | 2,448,230 | 2,434,303 | 2,275,351 | 2,099,339 | 2,059,887 | * | * | * |
| Contributions as a Percentage of Covered Payroll | **13.8%** | 16.8% | 16.5% | 16.7% | 17.3% | 20.4% | 20.5% | * | * | * |

## SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
## NYSTRS PENSION PLAN
## FOR THE LAST 10 FISCAL YEARS

| | **2021** | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually Required Contribution | **$ 711,092** | $ 688,565 | $ 824,077 | $ 724,907 | $ 801,495 | $ 866,818 | $ 1,107,491 | $ 986,605 | $ 684,687 | $ 676,383 |
| Contributions in Relation to the Contractually Required Contribution | **(711,092)** | (688,565) | (824,077) | (724,907) | (801,495) | (866,818) | (1,107,491) | (986,605) | (684,687) | (676,383) |
| Contribution Deficiency (Excess) | **-** | - | - | - | - | - | - | - | - | - |
| School District's Covered Payroll for Year Ended June 30, | **7,461,616** | 7,771,614 | 7,759,670 | 7,397,010 | 6,838,695 | 6,537,089 | 6,317,690 | 6,071,415 | 5,782,829 | 6,088,056 |
| Contributions as a Percentage of Covered Payroll | **9.53%** | 8.86% | 10.62% | 9.80% | 11.72% | 13.26% | 17.53% | 16.25% | 11.84% | 11.11% |

* Information not available

*See Notes to Required Supplementary Information*

# *LITTLE FALLS CITY SCHOOL DISTRICT*

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| School District's Proportion of the Net Pension Asset/Liability | **0.007185%** | 0.007489% | 0.007796% | 0.007640% | 0.0074516% | 0.0074028% | 0.0075344% |
| School District's Proportionate Share of the Net Pension Asset/Liability | **$ 7,155** | $ 1,983,009 | $ 552,371 | $ 246,439 | $ 700,172 | $ 1,188,176 | $ 254,530 |
| School District's Covered Payroll | **2,416,359** | 2,457,327 | 2,353,165 | 2,308,940 | 2,174,139 | 2,074,406 | 2,055,407 |
| School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Payroll | **0.3%** | 80.7% | 23.5% | 10.7% | 32.2% | 57.3% | 12.4% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability | **99.9%** | 86.4% | 96.3% | 98.2% | 94.7% | 90.7% | 97.9% |

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,**

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| School District's Proportion of the Net Pension Asset/Liability | **0.04579%** | 0.04442% | 0.043194% | 0.041557% | 0.041266% | 0.041060% | 0.041060% |
| School District's Proportionate Share of the Net Pension Asset/Liability | **$ 1,265,237** | $ (1,153,943) | $ (781,056) | $ (315,876) | $ 441,974 | $ (4,368,490) | $ (4,573,873) |
| School District's Covered Payroll | **7,461,616** | 7,771,614 | 7,397,010 | 6,838,695 | 6,537,089 | 6,317,690 | 6,071,415 |
| School District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered Payroll | **17.0%** | 14.8% | 10.6% | 4.6% | 6.8% | 69.1% | 75.3% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability | **97.8%** | 102.2% | 101.5% | 100.7% | 99.0% | 110.5% | 111.5% |

*See Notes to Required Supplementary Information*

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Service Cost | **$ 1,643,100** | $ 1,540,763 | $ 1,537,744 | $ 1,959,674 | $ * | $ * | $ * | $ * | $ * | $ * |
| Interest Cost | **1,796,559** | 1,799,275 | 1,927,950 | 1,678,908 | * | * | * | * | * | * |
| Changes of Benefit Terms | **-** | - | 640,307 | - | * | * | * | * | * | * |
| Differences Between Expected and Actual Experience | **(224,410)** | - | (3,891,138) | - | * | * | * | * | * | * |
| Changes in Assumptions or Other Inputs | **13,057,117** | 2,819,911 | (5,832,461) | (7,057,636) | * | * | * | * | * | * |
| Benefit Payments | **(1,476,935)** | (1,372,960) | (1,520,477) | (1,507,240) | * | * | * | * | * | * |
| | **14,795,431** | 4,786,989 | (7,138,075) | (4,926,294) | * | * | * | * | * | * |
| Total OPEB Liability - Beginning | **50,425,588** | 45,638,599 | 52,776,674 | 57,702,968 | * | * | * | * | * | * |
| **Total OPEB Liability - Ending** | **$ 65,221,019** | $ 50,425,588 | $ 45,638,599 | $ 52,776,674 | $ 57,702,968 | $ * | $ * | $ * | $ * | $ * |
| Covered Employee Payroll | **$ 7,158,931** | $ 7,697,766 | $ 8,117,060 | $ 8,118,849 | $ * | $ * | $ * | $ * | $ * | $ * |
| **Total OPEB Liability as a Percentage of Covered Payroll** | **911%** | 655% | 562% | 650% | * | * | * | * | * | * |
| **Discount Rate** | **2.21%** | 3.50% | 3.87% | 3.60% | | | | | | |

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it becomes available.

*See Notes to Required Supplementary Information*

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
## JUNE 30, 2021

*Note 1* **Budgetary Procedures and Budgetary Accounting**

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

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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 appropriations occurred during the year:

| | |
|---|---|
| Adopted Budget | $ 22,499,246 |
| Carryover Encumbrances | 1,042 |
| Original Budget | 22,500,288 |
| CARES Act Funding | 432,691 |
| Total Additions | 432,691 |
| **Final Budget** | **$ 22,932,979** |

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid and School Lunch). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

*Note 2* **Reconciliation of the General Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis, as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

*Note 3* **Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability**
The Schedule of the School District's Proportionate Share of the Net Pension Asset/Liability, required supplementary information, will present ten years of information as it becomes available from the pension plans.

*Note 4* **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability**

**NYSLRS**

**Changes in Benefit Terms**
There were no significant legislative changes in benefits for the April 1, 2020 actuarial valuation.

**Changes of Assumptions**
There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation. The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%. The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**
The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2020. The following actuarial methods and assumptions were used:

| | |
|---|---|
| Actuarial Cost Method | The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort. |
| Asset Valuation Period | Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return. |
| Inflation | 2.5% |
| Salary Scale | 3.8% in ERS, indexed by service. |
| Investment Rate of Return | 7.0% compounded annually, net of investment expenses, including inflation. |
| Cost of Living Adjustments | 1.3% annually. |

*Note 4* **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

**NYSTRS**

**Changes in Benefit Terms**
Effective with the 2019 actuarial valuation, an increase in the NYS Governor's salary limit from $179,000 to $200,000 per annum went into effect, impacting Tier 6 members. The Governor's salary limit may ultimately increase to $250,000, phased in over the next two years.

**Changes of Assumptions**
Actuarial assumptions are revised periodically to reflect more closely actual, as well as anticipated, future experience. The actuarial assumptions were revised and adopted by the Retirement Board on October 29, 2015 and first used in the 2016 determination of the Total Pension Liability.

The System’s long-term rate of return assumption for purposes of the NPL is 7.10%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System’s long-term rate of return assumption was 7.25%. For the 2016 actuarial valuation, the System’s long-term rate of return assumption was 7.5%. Prior to the 2016 actuarial valuation, the System’s long-term rate of return was 8.0%.

The System's assumed annual inflation rate is 2.2%, effective with the 2019 actuarial valuation. For the 2018 and 2017 actuarial valuations, the System's annual inflation assumption was 2.25%. For the 2016 actuarial valuation, the System's annual inflation assumption was 2.5%. Prior to the 2016 actuarial valuation, the System's annual inflation assumption was 3.0%.

Effective with the 2019 actuarial valuation, COLAs are projected to increase at a rate of 1.30% annually. Effective with the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.50% annually. Prior to the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually.

Effective with the 2020 actuarial valuation, the assumed scale for mortality improvement is changed from MP2018 to MP2019.

Effective with the 2019 actuarial valuation, there is a change in the actuarial valuation software that resulted in a slight change in the determination of Entry Age Normal Total Pension Liability and Service Cost.

***Note 4*** **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension Asset/Liability - Continued**

**NYSTRS - Continued**

**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**
The actuarially determined contribution rates in the Schedule of School District's Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates reported in the Schedule of the School District's Contributions.

| | |
|---|---|
| Actuarial Cost Method | The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years. |
| Asset Valuation Method | Five-year phased-in deferred recognition of each year's net investment income/loss in excess of (or less than) the assumed valuation rate of interest at a rate of 20% per year, until fully recognized after five years. |
| Inflation | 2.20% |
| Projected Salary Increases | Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience. |

| Service | Rate |
|---:|---:|
| 5 | 4.72% |
| 15 | 3.46% |
| 25 | 2.37% |
| 35 | 1.90% |

| | |
|---|---|
| Investment Rate of Return | 7.25% compounded annually, net of investment expenses, including inflation. |
| Cost of Living Adjustments | 1.3% compounded annually. |

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
## AND THE REAL PROPERTY TAX LIMIT
## FOR THE YEAR ENDED JUNE 30, 2021

| | | |
|---|---|---|
| **CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET** | | |
| Adopted Budget | | $ 22,499,246 |
| Prior Year's Encumbrances | | 1,042 |
| Original Budget | | 22,500,288 |
| | | |
| CARES Act Funding | | 432,691 |
| Total Additions | | 432,691 |
| | | |
| **Final Budget** | | **$ 22,932,979** |
| | | |
| **§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION** | | |
| | | |
| **Next Year's Budget is a Voter Approved Budget** | **$ 26,188,902** | |
| | | |
| Maximum Allowed (4% of the 2021-2022 Budget) | | $ 1,047,556 |
| | | |
| General Fund Fund Balance Subject to §1318 of Real Property Tax Law | | |
| Unrestricted Fund Balance: | | |
| Assigned Fund Balance | $ 71,759 | |
| Unassigned Fund Balance | 3,502,593 | |
| Total Unrestricted Fund Balance | 3,574,352 | |
| | | |
| Less: | | |
| Appropriated Fund Balance | $ - | |
| Encumbrances Included in Assigned Fund Balance | 71,759 | |
| Total Adjustments | 71,759 | |
| | | |
| **General Fund Fund Balance Subject to §1318 of Real Property Tax Law** | | **$ 3,502,593** |
| | | |
| Actual Percentage | | 13.4% |

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## SCHEDULE OF PROJECT EXPENDITURES
## CAPITAL PROJECTS FUND
## FOR THE YEAR ENDED JUNE 30, 2021

| | | | Expenditures | | | | Methods of Financing | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| PROJECT TITLE | Original Budget | Revised Budget | Prior Years | Current Year | Total | Unexpended (Overexpended) Balance | Proceeds of Obligations | State Aid | Local Sources | Total | Fund Balance (Deficit) June 30, 2021 |
| Benton Hall Elementary 001-012 | $ 6,623,722 | $ 6,623,722 | $ 1,954,770 | $ 4,847,836 | $ 6,802,606 | $ (178,884) | $ 8,181,543 | $ - | $ - | $ 8,181,543 | $ 1,378,937 * |
| Middle/High School 008-014 | 15,888,902 | 15,888,902 | 7,265,236 | 8,741,075 | 16,006,311 | (117,409) | 19,625,783 | 568,670 | - | 20,194,453 | 4,188,142 * |
| School Bus Garage 5003-003 | 1,176,343 | 1,176,343 | 826,124 | 12,497 | 838,621 | 337,722 | 1,453,004 | | - | 1,453,004 | 614,383 * |
| SMART Schools Project | 46,000 | 46,000 | - | 46,000 | 46,000 | - | - | 46,000 | - | 46,000 | - |
| Subtotal | 23,734,967 | 23,734,967 | 10,046,130 | 13,647,408 | 23,693,538 | 41,429 | 29,260,330 | 614,670 | - | 29,875,000 | 6,181,462 |
| Unredeemed BANs | - | - | - | - | - | - | (29,306,330) | - | - | (29,306,330) | (29,306,330) |
| **Total** | **$ 23,734,967** | **$ 23,734,967** | **$ 10,046,130** | **$ 13,647,408** | **$ 23,693,538** | **$ 41,429** | **$ (46,000)** | **$ 614,670** | **$ -** | **$ 568,670** | **$ (23,124,868)** |

* *Architectural and State Approved Budget Modification for Sub-Project Reallocations Not Yet Finalized and Were Unavailable at This Report Date.*

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
## FOR THE YEAR ENDED JUNE 30, 2021

| | |
|---|---|
| Capital Assets, Net | $ 39,703,933 |
| Add: | |
| Amount Deferred on Refunding | 22,338 |
| Deduct: | |
| Bond Anticipation Notes | (29,306,330) |
| Premium on Bond Anticipation Notes | (377,270) |
| Premium on Serial Bonds | (134,889) |
| Short-Term Portion of Bonds Payable | (525,319) |
| Long-Term Portion of Bonds Payable | (1,343,046) |
| Unspent Bond and BAN Proceeds | 5,612,792 |
| **Net Investment in Capital Assets** | **$ 13,652,209** |

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
## JUNE 30, 2021

| | Special Revenue Funds | | | | |
|---|---|---|---|---|---|
| | Special Aid Fund | School Lunch Fund | Miscellaneous Special Revenue Fund | Debt Service Fund | Non-Major Governmental Funds |
| **ASSETS** | | | | | |
| Cash and Cash Equivalents - Unrestricted | $ 200,433 | $ 38,712 | $ - | $ - | $ 239,145 |
| Cash and Cash Equivalents - Restricted | - | - | 187,032 | - | 187,032 |
| Investments - Restricted | - | - | 194,163 | - | 194,163 |
| Due from Other Funds | 94,415 | 20,400 | - | 377,270 | 492,085 |
| Due from State and Federal Governments | 590,513 | 25,671 | - | - | 616,184 |
| Inventories | - | 12,013 | - | - | 12,013 |
| **Total Assets** | **$ 885,361** | **$ 96,796** | **$ 381,195** | **$ 377,270** | **$ 1,740,622** |
| **LIABILITIES** | | | | | |
| **Payables** | | | | | |
| Accounts Payable | $ 16,639 | $ 1,041 | $ - | $ - | $ 17,680 |
| Accrued Liabilities | - | 12,414 | - | - | 12,414 |
| Due to Other Funds | 866,409 | 202,250 | - | 153,770 | 1,222,429 |
| Unearned Revenues | 2,313 | - | - | - | 2,313 |
| **Total Liabilities** | 885,361 | 215,705 | - | 153,770 | 1,254,836 |
| **FUND BALANCES** | | | | | |
| Nonspendable | - | 12,013 | - | - | 12,013 |
| Restricted | - | - | 381,195 | 223,500 | 604,695 |
| Unassigned | - | (130,922) | - | - | (130,922) |
| **Total Fund Balances** | - | (118,909) | 381,195 | 223,500 | 485,786 |
| **Total Liabilities and Fund Balances** | **$ 885,361** | **$ 96,796** | **$ 381,195** | **$ 377,270** | **$ 1,740,622** |

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
## NON-MAJOR GOVERNMENTAL FUNDS
## JUNE 30, 2021

| | Special Revenue Funds | | | | |
|---|---|---|---|---|---|
| | Special Aid Fund | School Lunch Fund | Miscellaneous Special Revenue Fund | Debt Service Fund | Non-Major Governmental Funds |
| **REVENUES** | | | | | |
| Use of Money and Property | $ - | $ 54 | $ - | $ - | $ 54 |
| Miscellaneous | - | 13,349 | 5,863 | - | 19,212 |
| State Sources | 176,664 | 9,523 | - | - | 186,187 |
| Federal Sources | 669,072 | 347,491 | - | - | 1,016,563 |
| Sales - School Lunch | - | 17,317 | - | - | 17,317 |
| **Total Revenues** | 845,736 | 387,734 | 5,863 | - | 1,239,333 |
| **EXPENDITURES** | | | | | |
| Instruction | 849,745 | 319,170 | 16,950 | - | 1,185,865 |
| Pupil Transportation | 1,937 | - | - | - | 1,937 |
| Employee Benefits | - | 23,071 | - | - | 23,071 |
| Debt Service | | | | | |
| Principal | - | - | | 25,000 | 25,000 |
| Interest | - | - | - | 153,770 | 153,770 |
| Cost of Sales | - | 188,363 | - | - | 188,363 |
| **Total Expenditures** | 851,682 | 530,604 | 16,950 | 178,770 | 1,578,006 |
| Excess (Deficiency) of Revenues Over Expenditures | (5,946) | (142,870) | (11,087) | (178,770) | (338,673) |
| **OTHER FINANCING SOURCES AND (USES)** | | | | | |
| Premium on Obligations | - | - | - | 377,270 | 377,270 |
| Operating Transfers In | 5,946 | - | - | 25,000 | 30,946 |
| **Total Other Sources (Uses)** | 5,946 | - | - | 402,270 | 408,216 |
| Net Change in Fund Balances | - | (142,870) | (11,087) | 223,500 | 69,543 |
| Fund Balances - Beginning of Year | - | 23,961 | 392,282 | - | 416,243 |
| **Fund Balances - End of Year** | **$ -** | **$ (118,909)** | **$ 381,195** | **$ 223,500** | **$ 485,786** |

# INDEPENDENT AUDITORS' 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
Little Falls City School District
Little Falls, New York

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 the Little Falls City School District (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 6, 2021.

**Internal Control Over Financial Reporting**

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

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

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

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

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

Respectfully submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 6, 2021

# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Education
Little Falls City School District
Little Falls, New York

**Report on Compliance for Each Major Federal Program**
We have audited Little Falls City School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2021. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**
Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

**Opinion on Each Major Federal Program**
In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**
Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 6, 2021

# LITTLE FALLS CITY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE YEAR ENDED JUNE 30, 2021

| Federal Grantor/Pass -Through Program Title | Federal CFDA # | Pass -Through Grantor # | Passed -Through to Subrecipients | Expenditures |
|---|---|---|---|---|
| **U.S. Department of Education** | | | | |
| **Passed Through NYS Department of Education** | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 0021211125 | $ - | $ 321,698 |
| Title I Grants to Local Educational Agencies | 84.010 | 0021201125 | - | 11,288 |
| | | Subtotal | - | 332,986 |
| **Special Education Cluster** | | | | |
| Special Education - Grants to States | 84.027 | 0032210306 | - | 263,277 |
| Special Education - Grants to States | 84.027 | 0032200306 | - | 275 |
| Special Education - Preschool Grants | 84.173 | 0033210306 | - | 8,879 |
| Special Education - Preschool Grants | 84.173 | 0033200306 | - | 1,100 |
| **Total Special Education Cluster** | | Subtotal | - | 273,531 |
| Supporting Effective Instruction State Grants | 84.367 | 0147211125 | - | 30,426 |
| Supporting Effective Instruction State Grants | 84.367 | 0147201125 | - | 2,115 |
| | | Subtotal | - | 32,541 |
| Rural Education Achievement Program | 84.358 | 0016211125 | - | 1,868 |
| Title IV Student Support and Academic Enrichment | 84.424 | 0204211125 | - | 25,427 |
| Title IV Student Support and Academic Enrichment | 84.424 | 0204201125 | - | 1,540 |
| | | Subtotal | - | 26,967 |
| COVID-19 Education Stabilization Fund - ESSER | 84.425D | 5880210306 | - | 369,985 |
| COVID-19 Education Stabilization Fund - GEER | 84.425C | 5885210306 | - | 41,317 |
| | | Subtotal | - | 411,302 |
| **Total U.S. Department of Education** | | | - | 1,079,195 |
| **U.S. Department of Agriculture** | | | | |
| **Passed Through NYS Department of Education** | | | | |
| **Child Nutrition Cluster** | | | | |
| National School Lunch Program | 10.555 | Unknown | - | 248,341 |
| School Breakfast Program | 10.553 | Unknown | - | 99,150 |
| **Total Child Nutrition Cluster** | | Subtotal | - | 347,491 |
| **Total U.S. Department of Agriculture** | | | - | 347,491 |
| **Total Expenditures of Federal Awards** | | | **$ -** | **$ 1,426,686** |

*See Notes to Schedule of Expenditures of Federal Awards*

# *LITTLE FALLS CITY SCHOOL DISTRICT*

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**JUNE 30, 2021**

***Note 1*** **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs administered by the Little Falls City School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

***Note 2*** **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

***Note 3*** **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

***Note 4*** **Matching Costs**

Matching costs, such as the School District's share of certain program costs, are not included in the reported expenditures.

***Note 5*** **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a “non-monetary program.” During the year ended June 30, 2021, the School District received $27,979 worth of commodities under the National School Lunch Program (CFDA #10.555).

***Note 6*** **Subrecipients**

No amounts were provided to subrecipients.

***Note 7*** **Other Disclosures**

No insurance is carried specifically to cover equipment purchased with Federal Funds. Any equipment purchased with Federal Funds has only a nominal value and is covered by the School District’s casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

# *LITTLE FALLS CITY SCHOOL DISTRICT*

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED JUNE 30, 2021

**Section I** **Summary of Auditors' Results**

***Financial Statements***

Type of Auditors' report issued — Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes __√__ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes __√__ none reported

Noncompliance material to financial statements noted? _____ yes __√__ no

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? _____ yes __√__ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes __√__ none reported

Type of auditors' report issued on compliance for major programs — Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516(a) of Uniform Guidance? _____ yes __√__ no

Identification of major programs:

| CFDA Numbers | Name of Federal Program or Cluster |
|---|---|
| 84.425C, 84.425D | Education Stabilization Fund |

Dollar threshold used to distinguish between Type A and Type B Programs: $750,000

Auditee qualified as low-risk? __√__ yes _____ no

**Section II** **Financial Statement Findings** — None

**Section III** **Federal Award Findings and Questioned Costs** — None