

PRELIMINARY OFFICIAL STATEMENT DATED MAY 29, 2026

NEW ISSUE

BOND ANTICIPATION NOTES

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

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



\$3,000,000
JOHNSBURG CENTRAL SCHOOL DISTRICT
WARREN COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #: 478142

\$3,000,000 Bond Anticipation Notes, 2026
(referred to herein as the "Notes")

Dated: June 18, 2026

Due: June 18, 2027

The Notes are general obligations of the Johnsburg Central School District, Warren County, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as book-entry-only registered notes or in registered certificated form in the name of the purchaser. In such case, the Notes will be issued as registered in the name of the purchaser and a single note certificate will be issued for the Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate and payment of principal of and interest on the Notes will be payable in Federal Funds at the office of the School District.

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Barclay Damon LLP, Albany, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about June 18, 2026.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on June 4, 2026 until 11:00 A.M., Prevailing Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

June __, 2026

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 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 BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX D – MATERIAL EVENT NOTICES" INCLUDED HEREIN.

**JOHNSBURG CENTRAL SCHOOL DISTRICT
WARREN COUNTY, NEW YORK**

DISTRICT OFFICIALS

2025-2026 BOARD OF EDUCATION

RACHEL DEGROAT
President



TARA SEARS
Vice President

KIMBERLY BURGESS
ERWIN MORRIS
SARAH WILLIAMS
CHRIS JAY
MELISSA FREEBERN

* * * * *

CATHY KENNEDY
Superintendent

STEPHANIE HUTCHINS
Business Official

AMANDA MAY
Business Office Assistant



Local Counsel



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor



Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
OF THE
JOHNSBURG CENTRAL SCHOOL DISTRICT
WARREN COUNTY, NEW YORK
RELATING TO
\$3,000,000 Bond Anticipation Notes, 2026

This Official Statement, which includes the cover page, has been prepared by the Johnsborg Central School District, Warren County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$3,000,000 principal amount of Bond Anticipation Notes, 2026 (the "Notes").

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

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

NATURE OF OBLIGATION

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

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

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

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

"A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict

municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Notes will be dated June 18, 2026 and will mature, without option of prior redemption, on June 18, 2027. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued at the option of each purchaser(s) either (i) registered in the name of the purchaser with a single note certificate issued for the Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. and principal and interest payable in Federal Funds at the offices of the School District; or (ii) registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on May 11, 2026 authorizing the issuance of not to exceed \$3,000,000 of obligations to finance a capital improvements project consisting of the reconstruction of the school building, including site work, acquisition of original furnishings, equipment, machinery or apparatus required for the purpose for which such reconstruction building is to be used and payment of incidental costs related thereto at a maximum estimated cost of \$3,000,000.

The proceeds of the Notes will provide \$3,000,000 in original financing for the aforementioned project.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered 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 note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note 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 NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

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

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes 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 system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District is located mainly in the towns of Johnsbury, Chester, and Thurman in the northeast corner of Warren County. The District has within its borders about 196 square miles. The school, located in the village of North Creek, provides modern educational facilities for students in grades Pre-K-12. It was registered as a high school by the New York State Education Department in 1904.

Residential development consists primarily of single-family homes, garden apartment complexes and estate farms. Several shopping centers serve as a basis of commercial activity and draw shoppers from the surrounding communities and the City of Glens Falls which is located approximately 25 miles to the southeast of the District, in addition to residents in the immediate area. Industrial operations included in the Glens Falls area: BD Becton Dickinson (Former C.R. Bard) (medical devices), Angiodynamics/Navilyst (medical devices) Finch Paper (paper manufacturing), Essity Tissue & Irving Tissue and Medline/NAMIC (medical devices). In addition Glens Falls Hospital is located in downtown Glens Falls along with Hudson Headwaters Health Network offer several job opportunities for local residents within the Johnsbury Central School District. Manufacturing within North Creek is limited due to its location within the Adirondack Park but Barton Mines (mining) is located within the district.

Residents find employment at in-District industrial and commercial enterprises, as well as in Glens Falls. The service industries catering to sportsmen and tourists in the Adirondack and Lake George regions offer additional career opportunities. The garnet mines, lumbering and Gore Mountain Ski Center provide employment for some residents. A wide variety of recreational activities is available to residents; skiing, ice skating, hunting, fishing, sailing, boating, swimming, hiking, golf, tennis, etc. are all readily accessible through appropriate seasons of the year.

Air transportation is available at the Warren County Airport. A network of roads and highways serve this area, including Interstate #87 (the Northway), which connects with the New York State Thruway and Canada, and U.S. Route #9 along with routes 8 and 28.

Water and sewer services are provided primarily by private wells and septic systems. Electricity is provided by National Grid Corporation and telephone service by Frontier. Police protection is provided by the County Sheriff's Department and the New York State Police. Fire protection and ambulance service are provided by various volunteer companies. Health Service is available at Hudson Headwaters Health Services and the Glens Falls Hospital.

Source: District officials.

Population

The estimated population of the District is 1,958. (Source: U.S. Census Bureau, 2024 American Community Survey, 5-Year Estimates.)

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Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>
Towns of:						
Johnsburg	\$ 22,557	\$ 28,645	\$ 43,317	\$ 51,389	60,694	78,894
Chester	19,806	45,412	53,584	53,162	74,885	95,026
Thurman	30,388	29,003	35,223	59,444	56,500	69,464
County of						
Warren	27,744	38,740	47,932	64,195	86,250	102,038
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: 2020-2021 American Community Survey estimates are not available as of the date of this Official Statement.

Source: 2006-2010, and 2016-2020 and 2020-2024 American Community Survey 5-Year data.

Larger Employers

The following are the larger employers located within or in close proximity to the District.

<u>Company</u>	<u>Type</u>	<u>Number of Employees</u>
Barton Mines	Mining	165
NYS Olympic Regional Dev. Authority (Gore Mtn.)	Tourism	110
Johnsburg Central School District	Public School	75
Elderwood	Nursing Home	50
Tops Market	Grocery Store	30

Source: District officials.

Unemployment Rate Statistics

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

	<u>Year Averages</u>						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Warren County	4.3%	8.0%	4.9%	3.5%	3.5%	3.7%	N/A
New York State	3.8%	9.9%	7.0%	4.3%	4.2%	4.3%	4.3%

2026 Monthly Figures

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Warren County	4.9%	5.2%	N/A	N/A	N/A	N/A
New York State	4.7%	5.2%	N/A	N/A	N/A	N/A

Note: Unemployment rates for 2025 for Warren County and for March, April, May and June 2026 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 School Government

The Board of Education, which is the policy-making body of the School District, consists of seven members with overlapping three-year terms so that for the most part an equal number is elected to the Board each year. Each Board member must be a qualified voter of the School District and no Board member may hold certain other District offices or position while serving on the Board of Education. The President and the Vice President are elected by the Board members. The President of the Board is the chief fiscal officer of the School District.

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes or revenue anticipation notes issued by any New York municipality or district corporation other than the School District; (6) obligations of New York public benefit corporations, which are lawful investments pursuant to another provision of the law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; 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 a pledge of eligible securities, an eligible survey 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) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

The School District has adopted its own Investment Policy, which, in addition to incorporating all of the provisions of statute enumerated above, further restricts trading partners to commercial banks or trust companies licensed and doing business in New York State. The Policy prohibits investing through any private entity or brokerage firm and provides for written Security Agreements and/or Custodial Agreements with each commercial bank or trust company.

The District does not invest in so-called "derivatives" including reverse purchase agreements, which are not authorized investments for municipalities and school districts in the State.

Budgetary Procedures

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, 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). Clarification may be needed to determine whether a Board of Education must adopt a budget that requires the same tax levy amount as used in the prior fiscal year, or whether changes to the levy are permitted for such purposes as the permitted school district exclusions or the tax base growth factor. For a complete discussion of Chapter 97, see “TAX LEVY LIMITATION LAW” herein.

Recent Budget Vote Results

The budget for the 2025-26 fiscal year was approved by the qualified voters on May 20, 2025 by a vote of 193 yes to 53 no. The adopted budget included a 3.17% tax levy increase, which was equal to the District’s tax levy limit for the 2025-26 fiscal year.

The budget for the 2026-27 fiscal year was approved by the qualified voters on May 19, 2026 by a vote of 124 yes to 27 no. The adopted budget included a 2.32% tax levy increase, which was within the District’s tax levy limit for the 2026-27 fiscal year.

State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2025-26 fiscal year, approximately 36.53% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

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

State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. With the exception of the State’s fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, thirty-eight (38) days after the April 1 deadline, the State’s fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State’s fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State’s budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal Aid Received by the State

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

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

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

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.

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The building aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. 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 2026-27 preliminary building aid ratios, the District expects to receive State building aid of approximately 58.4% 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 has declined in some recent years before increasing again in more recent years.

School district fiscal year (2021-2022): The State's 2021-22 Enacted 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 included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, 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 were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

School district fiscal year (2022-2023): The State’s 2022-23 Enacted Budget included \$31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a \$1.5 billion or 7.7 percent Foundation Aid increase. The State’s 2022-23 Enacted Budget also included \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor’s Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students’ academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State’s 2022-23 Enacted Budget allocated \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State’s 2022-23 Enacted Budget increased federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School district fiscal year (2023-2024): The State’s 2023-24 Enacted Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%. The States 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State’s 2023-24 Enacted Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding was included to establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

School district fiscal year (2024-2025): The State’s 2024-25 Enacted Budget provided \$35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever at that time (assuming the State aid amount agreed to as described in the following paragraphs is the amount ultimately enacted). This represented an increase of \$1.3 billion compared to the 2023-24 school year and included a \$934 million or 3.89 percent Foundation Aid increase. The State’s 2024-25 Enacted Budget maintained the “save harmless” provision, which ensured a school district receives at least the same amount of Foundation Aid as it received in the prior year. The State’s 2024-25 Enacted Budget also authorized a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

School district fiscal year (2025-2026): The State’s 2025-26 Enacted Budget included approximately \$37.6 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of \$1.7 billion. The State’s 2025-26 Budget provided an estimated \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and included a 2% minimum increase in Foundation Aid to all school districts. As part of the 2025-26 Enacted State Budget, the Governor and Legislature made targeted adjustments to the Foundation Aid formula. While the formula itself remains largely intact, the budget includes a hold harmless provision ensuring that no district receives less Foundation Aid than in the prior year. Additionally, all districts are guaranteed at least a 2% year-over-year increase in Foundation Aid. The enacted budget also includes formula modifications intended to provide enhanced support for high-need and disadvantaged school districts.

Provisions in the State’s 2025-26 Enacted Budget granted the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State Aid) if, on a cash basis of accounting, a “general fund imbalance” has or is expected to occur in fiscal year 2025-26. Specifically, the State’s 2025-26 Enacted Budget provides that a “general fund imbalance” has occurred, and the State Budget Director’s powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State’s 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. No “general fund imbalance” existed during the State’s 2025-26 fiscal year.

School district fiscal year (2025-2026): The State’s 2026-27 Enacted Budget was signed into law on May 27, 2026 – fifty-six (56) days after the April 1 start of the fiscal year. The FY 2026-27 Education, Labor and Family Assistance (ELFA) legislation contains several significant provisions affecting New York public school districts. The major school district–related items include:

- **Foundation Aid increase:** The budget provides an approximately \$779 million increase in Foundation Aid, bringing total Foundation Aid to about \$27.1 billion statewide. Every district is guaranteed at least a minimum annual increase.
- **Overall School Aid increase:** Total School Aid for the 2026-27 school year is projected at approximately \$39.3 billion, an increase of roughly \$1.6 billion over the prior year.
- **Universal Pre-K expansion:** The legislation significantly expands funding for universal prekindergarten programs. Districts will receive increased per-pupil funding for four-year-old programs, with the goal of statewide universal full-day Pre-K by the 2028-29 school year.

- **Expense-based aids fully funded:** The budget continues statutory reimbursement formulas for Building Aid, Transportation Aid, BOCES Aid and special education expense aids. These aids are projected to increase by roughly \$282 million statewide.
- **Building Aid for renewable energy projects:** Certain renewable energy improvements, including ground-mounted solar facilities, may now qualify as part of a project’s “primary cost allowance” for Building Aid purposes.
- **Foundation Aid formula adjustments.** The budget continues recent efforts to modernize the Foundation Aid formula by relying more heavily on updated poverty and economic-need data instead of older census metrics and free-and-reduced lunch statistics.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York (“CFE”) 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 CFE decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in Foundation Aid over a four fiscal year phase-in covering 2007 to 2011.

A case related to the CFE 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 CFE 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 Hochul announced that New York State reached an agreement to settle and discontinue the NYSER case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York’s school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the CFE 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 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 and FY 2025 budget and enacted this commitment into law.

A breakdown of currently anticipated Foundation Aid funding is outlined 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.
- FY 2025: Funding the full amount of Foundation Aid for all school districts.
- FY 2026: \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and a 2% minimum increase in Foundation Aid to all school districts.
- FY 2027: \$27.1 billion in Foundation Aid, an increase of \$779 million from 2025-26, and a 2% minimum increase in Foundation Aid to all school districts.

The State’s 2025-26 and 2026-2027 Budget also made a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

State Aid Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the below completed fiscal years, and budgeted figures for the 2025-2026 and 2026-2027 fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2020-2021	\$ 9,693,709	\$3,298,955	34.03%
2021-2022	10,126,528	3,525,358	34.81
2022-2023	10,686,213	4,055,198	37.95
2023-2024	10,866,249	3,982,145	36.65
2024-2025	10,804,023	3,863,128	35.76
2025-2026 (Budgeted)	11,262,562	4,114,744	36.53
2026-2027 (Budgeted)	11,402,914	3,925,865	34.42

⁽¹⁾ General fund only, does not include inter-fund transfers or reserve funds.

Source: Audited financial statements for the 2020-2021 fiscal year through and including the 2024-2025 fiscal year, and the budgets of the District for the 2025-2026 and 2026-2027 fiscal years.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2021-2022	319	2026-2027	290
2022-2023	306	2027-2028	290
2023-2024	267	2028-2029	290
2024-2025	256	2029-2030	290
2025-2026	243	2030-2031	290

Source: District officials.

District Facilities

The District currently operates the following facilities:

<u>Name</u>	<u>Type</u>	<u>Year(s) Built/Additions</u>	<u>Capacity</u>
Johnsburg Central School	Pre-K-12	1926, '63, '96, 2005	616

Source: District officials.

Employees

The School District employs approximately 75 full time and various part-time employees. The following table sets forth a breakdown of employee representation by collective bargaining agent and the date of expiration of the collective bargaining agreement:

<u>Number of Members</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
35	NYS United Teachers	June 30, 2030
30	CSEA Local 1000 AFSCME, AFL-CIO	June 30, 2026 ⁽¹⁾

⁽¹⁾ Currently under negotiations.

Source: District officials.

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 System 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 had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. 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 (other than those in Tier V and VI, as described below) 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, which has since been changed to 5 years as of April 9, 2022 (for both Tier V and Tier VI).
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years. The State's 2024-25 Enacted Budget included a provision that improved the pension benefits of Tier VI members by modifying the final average salary calculation from 5 years back to 3 years. This measure was effective as of April 1, 2024 for PFRS Tier VI members and April 20, 2024 for ERS Tier VI members. The Governor and Legislative leaders have publicly discussed changes to Tier VI. There is no way to predict as of the date whether the Legislature will adopt, and the Governor will sign into law, changes to Tier VI.

The State's Enacted 2026-27 Budget made a number of changes to the Tier VI pension program:

Lowered Retirement Age: The full-benefit retirement age is reduced from 63 to 58 for members with 30 years of service, allowing educators to retire without pension penalties earlier.

Reduced contribution Rates: Member pension contribution percentages are adjusted into tiered salary brackets:

- \$75,000 or less: 3%
- Over \$75,000 to \$100,000: 4%
- Over \$100,000 to \$125,000: 5.25%
- Over \$125,000: 5.75%

Overtime Cap Increase: For eligible members, the maximum amount of overtime used to calculate final average salary benefits has been increased to \$30,000 plus CPI (up from the previous \$22,500 cap).

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2025-2026 and 2026-2027 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$ 122,791	\$ 280,419
2021-2022	131,736	305,359
2022-2023	106,323	328,370
2023-2024	153,052	351,660
2024-2025	171,950	310,012
2025-2026 (Budgeted)	212,556	424,182
2026-2027 (Budgeted)	212,556	424,182

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. Although permitted by recently enacted laws, the District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

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 currently does not have early retirement incentive programs.

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 employer contribution rates as a percent of payroll (2020-21 to 2026-27) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-21	14.6%	9.53%
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11
2025-26	16.5	9.59
2026-27	17.6	8.24*

*Estimated. Final contribution rate expected to be adopted at the July 29, 2026 TRS Retirement Board meeting.

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

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

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

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that authorized local governments, 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 Rate Pension Contribution Option”). For 2016-17 the stable contribution option rate is 15.1% for ERS and 14.13% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but 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, included a provision that allows 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 are 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 established such fund.

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

Other Post-Employment Benefits

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. 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.

The District contracted with, Bouchey Millet and Schafer Benefit Consulting, an actuarial firm to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source:

	2023	2024
Balance beginning at July 1:	\$ 34,461,276	\$ 35,154,731
<u>Changes for the year:</u>		
Service cost	659,116	647,034
Interest	1,209,518	1,269,373
Differences between expected and actual experience	(552,861)	-
Changes of benefit terms	-	-
Changes in assumptions or other inputs	624,994	(1,182,972)
Benefit payments	(1,247,312)	(1,401,797)
Net Changes	\$ 693,455	\$ (668,362)
Balance ending at June 30:	2024	2025
	\$ 35,154,731	\$ 34,486,369

Source: Audited financial reports of the District. For additional information see "APPENDIX – D" attached hereto. The above table is not audited.

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.

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.

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.

Other Information

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

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

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, 2025 and may be found attached hereto as "APPENDIX – D" to this Official Statement. 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 is required to issue 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. The District is currently in full compliance with GASB Statement No. 34.

New York State Comptroller Report of Examination

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

As of the date of this Official Statement, there are no recent State Comptroller audits of the District, nor are there any that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, and the website is not incorporated herein by reference.

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 classifications and fiscal scores of the District for the past five fiscal years are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2025	No Designation	13.3
2024	No Designation	6.7
2023	No Designation	6.7
2022	No Designation	0.0
2021	No Designation	0.0

Additional information regarding the Fiscal Stress Monitoring System can be found by visiting the Fiscal Stress Monitoring System section of the Office of the State Comptroller website.

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Towns of:					
Chester	\$ 33,824,121	\$ 33,996,977	\$ 34,864,062	\$ 51,532,298 ⁽²⁾	\$ 49,815,858
Johnsburg	8,821,347	576,572,006 ⁽¹⁾	580,169,858	700,123,669	748,587,017 ⁽²⁾
Thurman	19,791,551	19,997,680	20,059,794	20,256,782	20,225,788
Total Assessed Values	\$ 62,437,019	\$ 630,566,663	\$ 635,093,714	\$ 771,912,749	\$ 818,628,663
State Equalization Rates					
Towns of:					
Chester	100.00%	97.50%	91.00%	100.00% ⁽²⁾	97.00%
Johnsburg	1.90%	100.00% ⁽¹⁾	86.00%	78.70%	100.00% ⁽²⁾
Thurman	93.40%	87.38%	73.46%	71.87%	62.73%
Total Taxable Full Valuation	\$ 519,295,639	\$ 634,326,578	\$ 740,235,368	\$ 969,328,369	\$ 832,186,180

⁽¹⁾ The Town of Johnsborg completed its first revaluation in February 2022 since 1953.

⁽²⁾ Significant changes due to revaluation.

Source: District officials.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Towns of:					
Chester	\$ 11.96	\$ 10.05	\$ 9.58	\$ 8.23 ⁽²⁾	\$ 8.58
Johnsburg	629.69	9.80 ⁽¹⁾	10.14	10.46	8.32 ⁽²⁾
Thurman	12.80	11.21	11.87	11.46	13.27

⁽¹⁾ The Town of Johnsborg completed its first revaluation in February 2022 since 1953.

⁽²⁾ Significant changes due to revaluation.

Source: District officials.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total Tax Levy ⁽¹⁾	\$ 6,212,992	\$ 6,212,992	\$ 6,455,434	\$ 6,715,457	\$ 6,927,844
STAR Program	256,011	234,452	244,469	214,782	192,604
Net Tax Levy	5,956,981	5,978,540	6,210,965	6,500,675	6,735,240
Amount Uncollected	1,589,949	1,716,328	1,723,401	1,722,132	1,763,246
% Uncollected	25.59%	27.62%	26.70%	25.64%	25.45%

⁽¹⁾ Gross tax levy prior to adjustments (tax roll additions, shortages, cancellations and refunds). See "Tax Collection Procedure" herein.

Source: District officials.

Tax Collection Procedure

School taxes are due beginning September 1 and may be paid through September 30 without penalty. There is a 2% penalty if paid by the end of October.

Taxes are collected by the Receiver of Taxes of the School District during the collection periods. Taxes remaining uncollected after the expiration of the second collection period are returned to the County for relevy on County/Town tax rolls. The County must reimburse the School District in full for uncollected taxes prior to the end of the second fiscal year for which the taxes are levied.

Real Property Tax Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the below completed fiscal years, and budgeted figures for the 2025-2026 and 2026-2027 fiscal years comprised of Real Property Taxes.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total Property Taxes & Tax Items</u> ⁽¹⁾	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2020-2021	9,693,709	6,122,082	63.16
2021-2022	10,126,528	6,225,226	61.47
2022-2023	10,686,213	6,255,017	58.25
2023-2024	10,866,249	6,455,241	59.41
2024-2025	10,804,023	6,704,516	62.06
2025-2026 (Budgeted)	11,262,562	6,735,541	59.80
2026-2027 (Budgeted)	11,402,914	7,105,989	62.31

⁽¹⁾ Does not include appropriated fund balance or reserves.

Source: Audited financial statements for the 2020-2021 fiscal year through and including the 2024-2025 fiscal year, and the budgets of the District for the 2025-2026 and 2026-2027 fiscal years.

Larger Taxpayers 2025 for 2025-26 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
State of New York	Government	\$ 166,640,673
Niagara Mohawk Power Corp.	Utility	19,619,968
Ruby Mountain Holdings, LLC	Mine	15,853,200
Barton Mines Company	Mine	6,813,000
Citizens Telecom UCI	Utility	3,416,501
Garnet Hill Resort, LLC	Hotel/Restaurant	2,463,480
Van Voorhis George R III	Commercial Property	2,437,600
North Creek Center, LLC	Health Center	1,915,000
Real Estate Holdings LLC TCM	Commercial Property	1,877,080
Bird Pond Haus, LLC	Vacation Rental Property	1,793,800

The ten larger taxpayers listed have a total taxable full valuation of \$222,830,302, which represents 26.78% of the tax base of the District for the 2025-2026 fiscal year.

Note: A hotel/restaurant located within the District, the Copperfield, has been purchased by North Creek, NY Resort Hold Co., LLC. They have been approved for a PILOT that begins in 2026-2027 School Tax Year until the 2035-2036 School Tax Year.

There have been multiple small claims assessment reviews filed due to the revaluation in the Town of Johnsburg. The District has established a Tax Certiorari Reserve to offset the Districts exposure should there be an unfavorable outcome to the District. As of the date of this Official Statement, the District currently does not have any pending or outstanding tax certioraris that are known or believed would have a material impact on the District if they were decided adversely for the District.

Source: District tax rolls.

Additional Tax Information

Real property located in the District is assessed by the City of Schenectady and the Town of Rotterdam.

Senior citizens' exemptions are offered to those who qualify.

The estimated annual school district property tax bill of a \$100,000 market value residential property located in the District is approximately \$1,973.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$107,300 or less for the 2026-27 school year, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$88,500 for the 2026-27 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-16 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-16 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

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

The table below lists the basic and enhanced exemption amounts for the 2025-26 District tax roll for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Chester	\$ 93,880	\$ 33,530	4/10/2025
Johnsburg	88,020	32,930	4/10/2025
Thurman	61,880	21,560	4/10/2025

\$213,050 of the District’s \$6,715,457 school tax levy for the 2024-2025 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2025.

\$192,603.87 of the District’s \$6,928,145 school tax levy for the 2025-26 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2026.

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. 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.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Debt Limit. Pursuant to the Local Finance Law, 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 constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under “NATURE OF OBLIGATION,” 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. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness, however, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in such law. (See “TAX LEVY LIMITATION LAW” herein).

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. No down payment is required in connection with the issuance of District obligations.

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.

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

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

- (1) Such obligations are authorized for a purpose for which the 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 District complied with this estoppel procedure in connection with the bond resolution under which the Notes are being issued. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

In general, statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See “Payment and Maturity” under “Constitutional Requirements” herein, and “Details of Outstanding Indebtedness” herein).

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes, in anticipation of the collection of a specific type of revenue, and budget or deficiency notes when necessary.

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 2,575,000	\$ 2,270,000	\$ 1,960,000	\$ 1,650,000	\$ 1,345,000
Bond Anticipation Notes	0	0	0	0	0
Revenue/Tax Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 2,575,000</u>	<u>\$ 2,270,000</u>	<u>\$ 1,960,000</u>	<u>\$ 1,650,000</u>	<u>\$ 1,345,000</u>

Note: The figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of May 29, 2026.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2026-2035	\$ 1,105,000
<u>Bond Anticipation Notes</u>	N/A	<u>0</u>
	Total	<u>\$ 1,105,000</u>

Note: The figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 29, 2026:

Full Valuation of Taxable Real Property	\$ 832,186,180
Debt Limit 10% thereof.....	83,218,618
<u>Inclusions:</u>	
Bonds.....	\$ 1,105,000
Bond Anticipation Notes (BANs):	<u>0</u>
Total Inclusions prior to issuance of the Notes	<u>1,105,000</u>
Less: BANs being redeemed from appropriations	0
Add: New money proceeds of the Notes	<u>3,000,000</u>
Total Net Inclusions after issuance of the Notes	<u>\$ 4,105,000</u>
<u>Exclusions:</u>	
State Building Aid ⁽¹⁾	<u>\$ 0</u>
Total Exclusions.....	<u>\$ 0</u>
Total Net Indebtedness <u>after issuance of the Notes</u>	<u>\$ 4,105,000</u>
Net Debt-Contracting Margin	<u>\$ 79,113,618</u>
The percent of debt contracting power exhausted is	4.93%

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2026-2027 Building Aid Ratios, the School District anticipates State building aid of 58.4% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the School District will receive in relation to its capital project indebtedness.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District. The figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District.

Bonded Debt Service

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

Cash Flow Borrowings

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

Other than the project to be financed with the proceeds of the Notes, there are no other capital projects authorized nor are any contemplated at this time.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed as of the close of the respective fiscal years of the below municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:				
Warren	12/31/2024	\$ 44,270,000	4.67%	\$ 2,067,409
Town of:				
Chester	12/31/2024	230,718	4.42%	10,198
Johnsburg	12/31/2024	1,157,141	96.86%	1,120,807
Thurman	12/31/2024	-	11.61%	-
Total:				<u>\$ 3,198,414</u>

⁽¹⁾ Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

Note: Gross Indebtedness sourced from local government data provided by the State Comptroller’s office. Information regarding applicable exclusions, such as water debt, sewer debt, and budgeted appropriations for the municipalities is not available from source.

Debt Ratios

The following table sets forth certain ratios relating to the District’s indebtedness as of May 29, 2026.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 4,105,000	\$ 2,096.52	0.49%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	7,303,414	3,730.04	0.88

^(a) The 2024 estimated population of the District is 1,958. (See “THE SCHOOL DISTRICT – Population” herein.)
^(b) The District’s full value of taxable real estate for the 2025-2026 fiscal year is \$832,186,180. (See “TAX INFORMATION – Taxable Assessed Valuations” herein.)
^(c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
^(d) Estimated net overlapping indebtedness is \$3,198,414. (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 building construction 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 Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for 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 Notes 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 Notes 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. The Notes 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 Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a 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 currently past due. To the best knowledge of current District officers, the District has not defaulted on the payment of the principal of and interest on any indebtedness in the past five years.

MARKET AND RISK FACTORS

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

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

The District 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 and revenues in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In some years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE DISTRICT - State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the District. Unforeseen developments could also result in substantial increases in District expenditures, thus placing strain on the District's financial condition. These factors may have an effect on the market price of the Notes.

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. Accordingly, a decline in the District's credit rating could adversely affect the market value of the Notes.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the District and hence upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See "TAX MATTERS" herein. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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.

TAX MATTERS

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

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

General

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

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

Certain Collateral Federal Income Tax Consequences

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

Backup Withholding and Information Reporting

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

Legislation

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

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

LEGAL MATTERS

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

LITIGATION

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the School 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 bonds or notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the bonds or notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of bonds and notes or contesting the corporate existence or boundaries of the District.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into an Undertaking to Provide Notice of Material Events Certificate, the description of which is attached hereto as “APPENDIX – C”.

Historical Compliance

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

- The District failed to timely file its Audited Financial Statements and Annual Financial Information and Operating Data (“AFOID”) for the fiscal year ended June 30, 2025. The District additionally failed to timely file a Failure to Provide Annual Financial Information. The AFOID, Audit, A Failure to Provide Annual Financial Information and a Failure to Provide Event Filing Information were filed to EMMA on April 28, 2026.

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 Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

If the Notes are issued in book-entry only form, it is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes 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.

RATING

The Notes are not rated. Subject to the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, such as a rating action that may result in the filing of a material event notification to EMMA, and/or the provision of a supplement to the final Official Statement.

The District does not currently have an underlying rated assigned.

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

MISCELLANEOUS

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

Statements in this Official Statement, and the documents included by specific reference, 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 Notes.

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

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

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

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

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

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: Stephanie Hutchins, Business Official, Johnsburg Central School District, 165 Main St., North Creek, New York 12853, Phone: (518) 251-2921 x6, Email: shutchins@johnsburgcsd.org.

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

JOHNSBURG CENTRAL SCHOOL DISTRICT

Dated: June __, 2026

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

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 2,117,686	\$ 2,389,068	\$ 2,009,757	\$ 1,736,863	\$ 1,218,344
Restricted Cash	1,184,538	1,277,972	1,277,971	1,270,972	1,173,493
State and Federal Aid Receivable	72,351	181,667	200,000	122,213	113,753
Other Receivables	-	-	317	-	-
Due from Other Funds	510,466	287,055	571,174	1,051,492	1,014,343
Due from Other Governments	93,912	102,929	105,023	102,808	112,514
Prepaid Expenditures	-	-	-	-	-
TOTAL ASSETS	\$ 3,978,953	\$ 4,238,691	\$ 4,164,242	\$ 4,284,348	\$ 3,632,447
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 56,085	\$ 70,779	\$ 51,347	\$ 144,212	\$ -
Accrued Liabilities	84,330	110,855	80,912	13,963	13,963
Due to Other Funds	-	42,003	147,871	104,935	104,935
Due to Other Governments	-	-	-	-	-
Due to Teachers' Retirement System	306,466	328,370	361,088	351,182	316,542
Due to Employees' Retirement System	35,086	39,298	38,263	43,643	50,486
Other Liabilities	-	-	-	-	-
Deferred Revenues	5,196	6,464	9,998	-	-
Planned Balance	-	-	-	-	-
TOTAL LIABILITIES	\$ 487,163	\$ 597,769	\$ 689,479	\$ 657,935	\$ 485,926
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,184,538	1,277,972	1,277,971	1,270,972	1,173,493
Assigned	1,790,311	1,763,982	1,619,954	1,829,711	1,954,759
Unassigned	516,941	598,968	576,838	525,730	18,269
TOTAL FUND EQUITY	3,491,790	3,640,922	3,474,763	3,626,413	3,146,521
TOTAL LIABILITIES and FUND EQUITY	\$ 3,978,953	\$ 4,238,691	\$ 4,164,242	\$ 4,284,348	\$ 3,632,447

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES					
Real Property Taxes & Tax Items	\$ 5,985,897	\$ 6,122,082	\$ 6,225,226	\$ 6,225,017	\$ 6,455,241
Charges for Services	56,544	11,636	25,270	(9,409)	35,945
Use of Money & Property	42,755	6,357	8,196	142,341	108,267
Sale of Property and Compensation for Loss	3,353	12,250	196	20,582	29,663
Miscellaneous	157,585	152,493	168,044	205,167	170,095
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	3,508,417	3,298,955	3,525,358	4,055,198	3,982,145
Revenues from Federal Sources	90,540	89,936	174,238	47,317	84,893
Total Revenues	<u>\$ 9,845,091</u>	<u>\$ 9,693,709</u>	<u>\$ 10,126,528</u>	<u>\$ 10,686,213</u>	<u>\$ 10,866,249</u>
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	<u>9,845,091</u>	<u>9,693,709</u>	<u>10,126,528</u>	<u>10,686,213</u>	<u>10,866,249</u>
EXPENDITURES					
General Support	\$ 1,258,012	\$ 1,205,276	\$ 1,372,889	\$ 1,518,652	\$ 1,485,549
Instruction	4,228,866	4,406,429	4,811,692	5,029,990	4,899,899
Pupil Transportation	378,105	407,341	554,963	658,447	710,519
Community Services	-	-	173	-	-
Employee Benefits	2,872,241	2,940,204	2,758,379	3,148,008	3,122,800
Debt Service	309,119	446,147	417,300	415,275	408,000
Total Expenditures	<u>\$ 9,046,343</u>	<u>\$ 9,405,397</u>	<u>\$ 9,915,396</u>	<u>\$ 10,770,372</u>	<u>\$ 10,626,767</u>
Other Uses:					
Interfund Transfers	124,634	62,000	62,000	82,000	87,832
Total Expenditures and Other Uses	<u>9,170,977</u>	<u>9,467,397</u>	<u>9,977,396</u>	<u>10,852,372</u>	<u>10,714,599</u>
Excess (Deficit) Revenues Over Expenditures	<u>674,114</u>	<u>226,312</u>	<u>149,132</u>	<u>(166,159)</u>	<u>151,650</u>
FUND BALANCE					
Fund Balance - Beginning of Year	2,591,364	3,265,478	3,491,790	3,640,922	3,474,763
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 3,265,478</u>	<u>\$ 3,491,790</u>	<u>\$ 3,640,922</u>	<u>\$ 3,474,763</u>	<u>\$ 3,626,413</u>

GENERAL FUND

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

Fiscal Years Ending June 30:	2025			2026	2027
	Original Budget	Revised Budget	Audited Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes & Tax Items	\$ 6,715,457	\$ 6,715,457	\$ 6,704,516	\$ 6,928,145	\$ 7,105,989
Charges for Services	16,500	16,500	4,266	5,500	5,400
Use of Money & Property	35,000	35,000	56,317	83,000	126,500
Sale of Property and Compensation for Loss	4,000	4,000	13,976	-	-
Miscellaneous	174,500	174,500	87,399	66,500	169,160
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	4,008,709	4,008,709	3,863,128	4,115,417	3,925,865
Revenues from Federal Sources	115,845	115,845	74,421	64,000	70,000
Total Revenues	\$ 11,070,011	\$ 11,070,011	\$ 10,804,023	\$ 11,262,562	\$ 11,402,914
Other Sources:					
Appropriated Fund Balance	1,823,517	1,823,517	-	-	-
Appropriated Reserves	-	6,194	-	-	-
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	12,893,528	12,899,722	10,804,023	11,262,562	11,402,914
EXPENDITURES					
General Support	\$ 1,506,607	\$ 1,513,943	\$ 1,624,135	\$ 1,500,260	\$ 1,760,114
Instruction	5,504,753	5,505,811	5,127,014	5,392,916	5,440,604
Pupil Transportation	727,272	725,378	682,959	790,172	763,365
Community Services	1,650	1,650	-	1,650	-
Employee Benefits	4,638,246	4,637,940	3,358,243	5,019,900	5,150,120
Debt Service	408,000	408,000	387,500	408,000	354,125
Total Expenditures	\$ 12,786,528	\$ 12,792,722	\$ 11,179,851	\$ 13,112,898	\$ 13,468,329
Other Uses:					
Interfund Transfers	107,000	107,000	104,064	107,000	-
Total Expenditures and Other Uses	12,893,528	12,899,722	11,283,915	13,219,898	13,468,329
Excess (Deficit) Revenues Over Expenditures	-	-	(479,892)	(1,957,336)	(2,065,415)
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	3,626,413	1,957,336	2,065,415
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 3,146,521	\$ -	\$ -

APPENDIX - B
Johnsburg CSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2026	\$ 330,000	\$ 67,250	\$ 397,250
2027	95,000	50,750	145,750
2028	100,000	46,000	146,000
2029	105,000	41,000	146,000
2030	110,000	35,750	145,750
2031	115,000	30,250	145,250
2032	115,000	24,500	139,500
2033	120,000	18,750	138,750
2034	125,000	12,750	137,750
2035	130,000	6,500	136,500
TOTALS	\$ 1,345,000	\$ 333,500	\$ 1,678,500

The table above does not include any energy performance contract, capital lease, or installment purchase contract indebtedness, to the extent any such indebtedness may be applicable to the District.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2019 Refunding of 2007 & 2009 Bonds			2020 DASNY Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 240,000	\$ 12,000	\$ 252,000	\$ 90,000	\$ 55,250	\$ 145,250
2027	-	-	-	95,000	50,750	145,750
2028	-	-	-	100,000	46,000	146,000
2029	-	-	-	105,000	41,000	146,000
2030	-	-	-	110,000	35,750	145,750
2031	-	-	-	115,000	30,250	145,250
2032	-	-	-	115,000	24,500	139,500
2033	-	-	-	120,000	18,750	138,750
2034	-	-	-	125,000	12,750	137,750
2035	-	-	-	130,000	6,500	136,500
TOTAL	\$ 240,000	\$ 12,000	\$ 252,000	\$ 1,105,000	\$ 321,500	\$ 1,426,500

MATERIAL EVENT NOTICES

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a "financial obligation" (as defined in the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Note holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

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

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

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final Official Statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

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

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

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

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**JOHNSBURG CENTRAL SCHOOL DISTRICT
WARREN COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2025

Such Audited Financial Statements, including opinion, 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.

JOHNSBURG
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2025

JOHNSBURG CENTRAL SCHOOL DISTRICT

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RAYMOND G. PREUSSER, CPA, P.C.

Certified Public Accountants

P.O. Box 538

Claverack, New York 12513

Telephone: (518) 851-6650

Fax: (518) 851-6675

INDEPENDENT AUDITOR'S REPORT

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

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

Opinions

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the Johnsburg Central School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Johnsburg Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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

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

Auditor's Responsibility

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

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 and the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M10 and 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 an opinion on the financial statements that collectively comprise the Johnsbury Central School District's basic financial statements as a whole. The other supplementary information comprises the additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025 on our consideration of the Johnsbury Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this 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 Johnsbury Central School District's internal control over financial reporting and compliance.

Raymond G. Preusser, CPA, P.C.

Claverack, New York
December 11, 2025

JOHNSBURG CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2025

INTRODUCTION

The Johnsburg Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- Net position increased from (\$28,665,086) to (\$27,962,946) in the districtwide financial statements.

- As of the close of this fiscal year, the District's General Fund balance was \$3,146,521, a decrease of \$479,892 in comparison with the prior year. The decrease was the result of the expenditures in being excess of the revenues.

- The District appropriated fund balance to offset 2025-26 taxes and was able to maintain the reserves for employee benefits accrued liability, unemployment, employee and teacher retirement contributions, tax certiorari and repairs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. Districtwide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

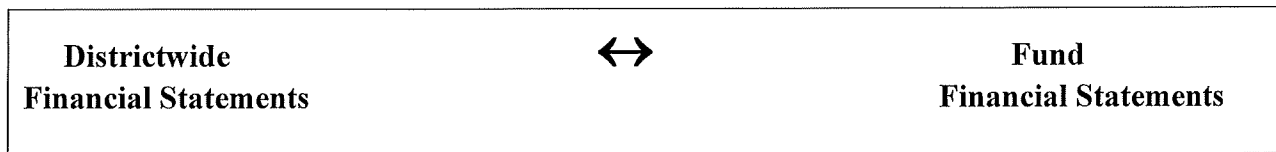
In addition to these statements, this report also includes required supplemental information and other supplemental information.

Our auditor has provided assurance in the independent auditor's report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part in the financial statements.

Financial Statements

Required Supplemental Information (Part A)
Management's Discussion & Analysis (MD&A)

Basic Financial Statements



Notes to the Basic Financial Statements

Required Supplemental Information

General Fund Budget to Actual Schedule

Changes in the Total OPEB Liability

District's Proportionate Share of the Net Pension Asset/Liability

District Contributions

Other Supplemental Information

General Fund Budget & Fund Balance Information

Capital Project Funds Schedule of Project Expenditures

Schedule of Net Investment in Capital Assets

DISTRICTWIDE FINANCIAL STATEMENTS

The districtwide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the districtwide financial statements as *governmental activities*, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

DISTRICTWIDE FINANCIAL ANALYSIS

Johnsburg Central School District's Net Position June 30, 2025 and 2024

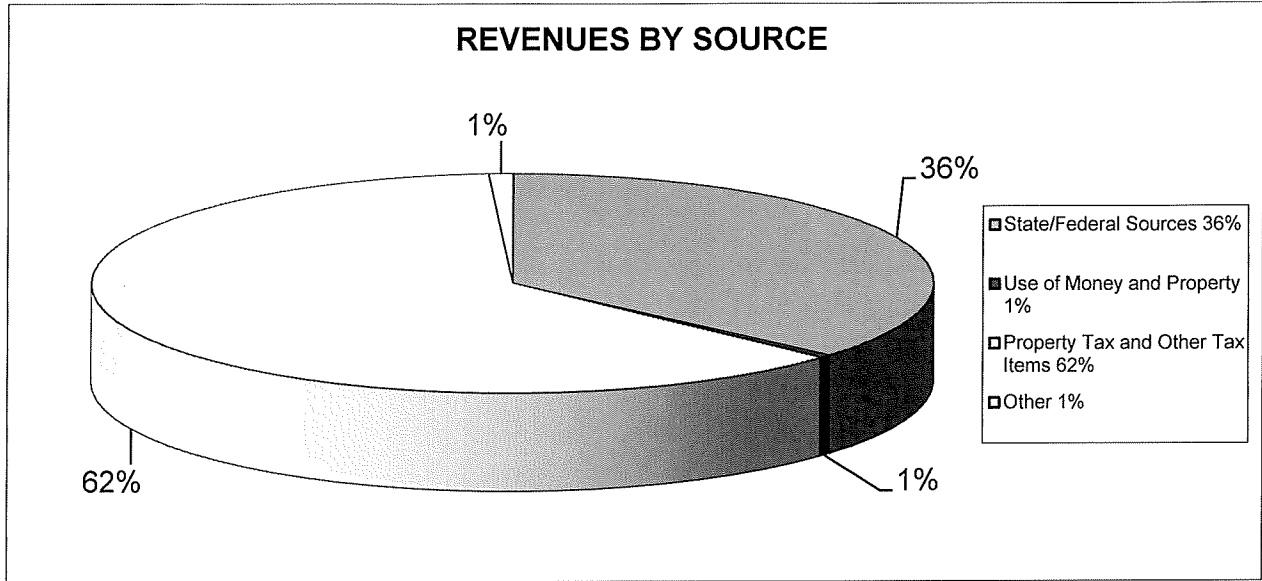
	Governmental Activities		Variance Increase (Decrease)
	2025	2024	
Current Assets	\$ 3,741,925	\$ 4,484,832	\$ (742,907)
Capital Assets	5,531,142	5,680,395	(149,253)
Net Pension Asset	502,863	-	502,863
Total Assets	<u>9,775,930</u>	<u>10,165,227</u>	<u>(389,297)</u>
Deferred Outflows of Resources	<u>3,128,624</u>	<u>3,374,186</u>	<u>(245,562)</u>
Total Assets and Outflows of Resources	<u>12,904,554</u>	<u>13,539,413</u>	<u>(634,859)</u>
Current Liabilities	386,299	561,229	(174,930)
Noncurrent Liabilities	1,543,755	1,922,246	(378,491)
Total OPEB Obligation	34,486,369	35,154,730	(668,361)
Net Pension Liability	524,437	657,398	(132,961)
Total Liabilities	<u>36,940,860</u>	<u>38,295,603</u>	<u>(1,354,743)</u>
Deferred Inflows of Resources	<u>3,926,640</u>	<u>3,908,896</u>	<u>17,744</u>
Total Liabilities and Inflows of Resources	<u>40,867,500</u>	<u>42,204,499</u>	<u>(1,336,999)</u>
Net Position:			
Investment in capital assets, net of related debt	4,186,142	4,030,395	155,747
Restricted	1,215,144	1,312,623	(97,479)
Unrestricted (deficit)	<u>(33,364,232)</u>	<u>(34,008,104)</u>	<u>643,872</u>
Total Net Position	<u><u>\$ (27,962,946)</u></u>	<u><u>\$ (28,665,086)</u></u>	<u><u>\$ 702,140</u></u>

**Johnsburg Central School District's
Changes in Net Position
For the Years Ended June 30, 2025 and 2024**

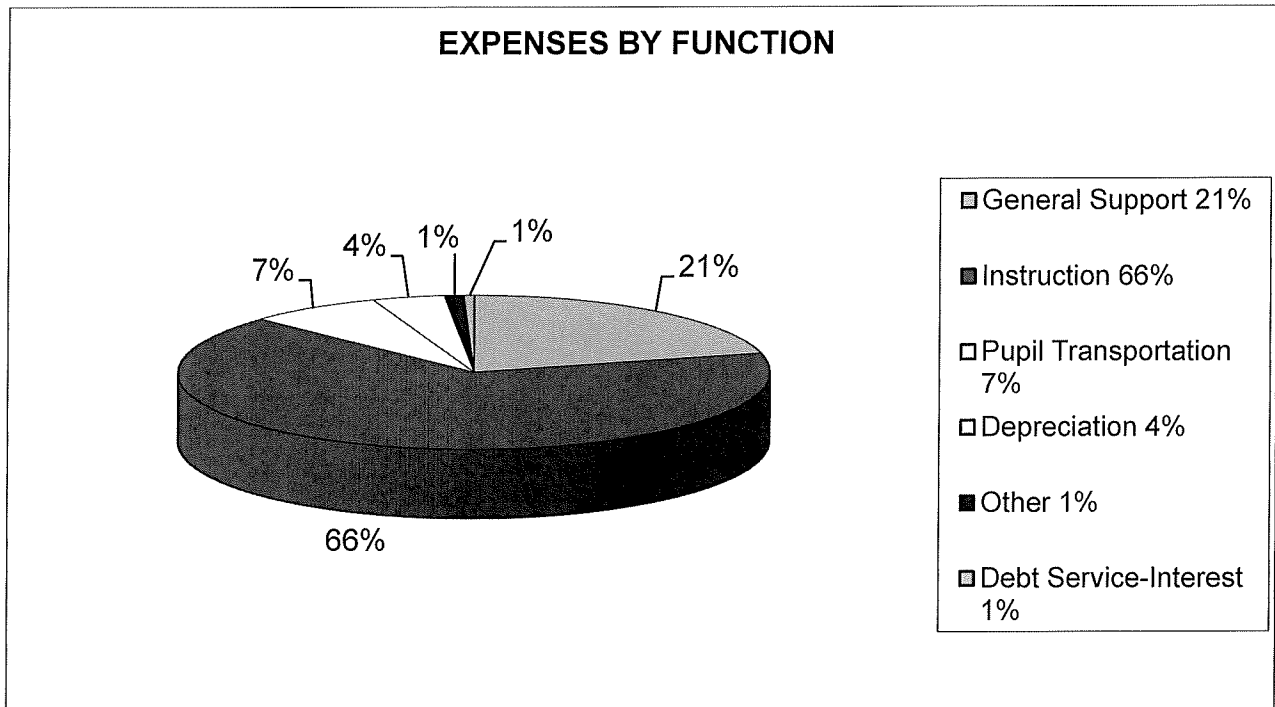
	Governmental Activities		Variance Increase (Decrease)
	2025	2024	
<u>Revenues:</u>			
Program Revenues:			
Charges for Services	\$ 32,213	\$ 59,963	\$ (27,750)
Operating Grants and Contributions	571,189	1,518,850	(947,661)
Total Program Revenues	<u>\$ 603,402</u>	<u>\$ 1,578,813</u>	<u>\$ (975,411)</u>
General Revenues:			
Real Property Taxes	\$ 6,491,465	\$ 6,234,583	\$ 256,882
Other Tax Items	213,051	220,658	(7,607)
Use of Money and Property	56,317	108,301	(51,984)
Sale of Property and Compensation for Loss	13,976	29,663	(15,687)
Miscellaneous	87,399	170,095	(82,696)
State Sources	3,863,128	3,982,145	(119,017)
Federal Sources	74,421	84,893	(10,472)
Total General Revenues	<u>10,799,757</u>	<u>10,830,338</u>	<u>(30,581)</u>
<u>Expenses (Net of Program Revenues):</u>			
Instruction	6,733,342	6,969,642	(236,300)
Support Services:			
General Support	2,075,537	2,062,612	12,925
Pupil Transportation	728,130	869,883	(141,753)
Community Services	-	-	-
Debt Service-Interest	56,713	72,098	(15,385)
Depreciation-Unallocated	397,373	390,952	6,421
School Lunch	106,522	92,835	13,687
Total Expenses	<u>10,097,617</u>	<u>10,458,022</u>	<u>(360,405)</u>
Change in Net Position	<u>\$ 702,140</u>	<u>\$ 372,316</u>	<u>\$ 329,824</u>

The following charts provide the percentage breakdown of all revenues by source and all expenses by function for the entire District:

Districtwide Revenues by Source
For the Year Ended June 30, 2025



Districtwide Expenses by Function
For the Year Ended June 30, 2025



FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds.

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- **Governmental funds:** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The 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 District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$3.1 million, which is less last year's total of \$3.6 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2025 and 2024.

	Fund Balance 2025	Fund Balance 2024	Variance Increase (Decrease)
General	\$ 3,146,521	\$ 3,626,413	\$ (479,892)
School Lunch	(28,015)	(21,493)	(6,522)
Special Aid	10,458	30,250	(19,792)
Debt Service	41,651	41,651	-
Capital	190,313	255,011	(64,698)
Totals	<u>\$ 3,360,928</u>	<u>\$ 3,931,832</u>	<u>\$ (570,904)</u>

General Fund

The tables that follow assist in illustrating the financial activities and balance of the general fund.

<u>Revenues:</u>	<u>2025</u>	<u>2024</u>	<u>Variance Increase (Decrease)</u>
Taxes and Other Tax Items	\$ 6,704,516	\$ 6,455,241	\$ 249,275
Use of Money and Property	56,317	108,267	(51,950)
State/Federal Sources	3,937,549	4,067,038	(129,489)
Other	105,641	235,703	(130,062)
Totals	<u>\$ 10,804,023</u>	<u>\$ 10,866,249</u>	<u>\$ (62,226)</u>

<u>Expenses:</u>	<u>2025</u>	<u>2024</u>	<u>Variance Increase (Decrease)</u>
General Support	\$ 1,624,135	\$ 1,485,549	\$ 138,586
Instruction	5,127,014	4,899,899	227,115
Pupil Transportation	682,959	710,519	(27,560)
Community Services	-	-	-
Employee Benefits	3,358,243	3,122,800	235,443
Debt Service	387,500	408,000	(20,500)
Operating Transfers Out	104,064	87,832	16,232
Totals	<u>\$ 11,283,915</u>	<u>\$ 10,714,599</u>	<u>\$ 569,316</u>

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The difference between the general fund's original budget and the final amended budget was \$6,194. This amount represents carryover encumbrances from the prior year.

CAPITAL ASSETS

The District's capital assets (net of accumulated depreciation) as of June 30, 2025 are as follows:

<u>Asset Description</u>	<u>Amount</u>
Land	\$ 4,835
Construction in Progress	1,067,464
Buildings and Improvements	3,716,198
Equipment	131,802
Vehicles	<u>610,843</u>
Total	<u>\$ 5,531,142</u>

The total decrease in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$149,253. The most significant decrease to capital assets was attributable to the purchase of a vehicle and equipment and capital project costs less the depreciation of the capital assets.

DEBT

The District had debt including serial bonds outstanding in the amount of \$1,345,000 as of June 30, 2025 a decrease over the previous year of \$305,000. The debt outstanding for the year ended June 30, 2025 is summarized as follows:

<u>Debt Description</u>	<u>Outstanding Balance</u>
Bonds	<u>\$ 1,345,000</u>

The District has refunding bonds outstanding, the proceeds of which are in escrow to fund other previously existing debt. The refunding was done to reduce future interest payments.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2025, the District's general obligation debt was significantly less than its total debt limit.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District is confident in its current financial stability.

1. Property Tax Cap (Chapter 97 of the Laws of 2011):

The Property Tax Cap continues to limit the District's ability to generate local revenue. While the District has implemented numerous efficiencies over recent years, any further reductions in the revenue could have significant adverse impact on academic programs. Therefore, the District will need to closely monitor any potential financial shortfalls in the future, particularly in areas that could affect the quality of education provided.

2. Health Insurance Increases:

Health insurance premiums are set to increase significantly for the 2025-2026 school year, with an estimated 10% increase for HRA plans and PPO plans. This will result in an over \$250,000 increase in expenditures. The District will need to account for this increase in future budgets, potentially making it more challenging to balance resources without affecting other areas.

3. Foundation Aid Reassessment:

While Foundation Aid has been reinstated for the current fiscal year, there are ongoing discussions regarding potential changes to the formulas used to determine this aid in the future. These conversations create uncertainty in budgeting, as any changes could lead to fluctuations in the amount of aid the District receives. This makes long-term budget planning difficult, as the District lacks clear information about potential adjustments to Foundation Aid.

4. Building Project:

The District passed a \$3,000,000 building project in January 2025. Importantly, this new project coincides with the completion of a \$3,000,000 building project that is coming off the books, meaning there will be no increase in the tax burden for taxpayers. The careful timing of this project ensures that the District can continue to make necessary improvements without further straining taxpayers.

5. Administration Changes

The District will begin changes in school administration in the next fiscal year. These changes can significantly influence the district's financial outlook. New leadership often reassesses budgets, spending priorities, and resource allocation, which can reshape both short-term operations and long-range financial planning. Administrative transitions may lead to adjustments in staffing structures, program funding, and contracted services, all of which affect overall expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

It is the intent of this report to provide the District's citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Johnsburg Central School District
Attn: Stephanie Hutchins, District Treasurer
165 Main Street
North Creek, New York 12853
(518) 251-2921 Ext.6

JOHNSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

ASSETS	
Unrestricted cash	\$ 1,661,224
Restricted cash	1,173,493
Other receivables, net	-
State and federal aid receivable	428,367
Due from other governments	112,514
Due from fiduciary funds	358,605
Inventories	7,722
Net pension asset	502,863
Capital assets, net	<u>5,531,142</u>
Total Assets	<u>\$ 9,775,930</u>
 DEFERRED OUTFLOW OF RESOURCES	
Pensions	\$ 1,502,539
OPEB-GASB 75	<u>1,626,085</u>
Total Deferred Outflows of Resources	<u>\$ 3,128,624</u>
 LIABILITIES	
Current Liabilities:	
Accounts payable	\$ -
Accrued liabilities	19,265
Due to other governments	6
Due to teachers' retirement system	316,542
Due to employees' retirement system	50,486
Unearned revenue	<u>-</u>
 Long-Term Liabilities:	
Due and payable within one year	
Bonds payable	<u>330,000</u>
 Due and payable after one year	
Bonds payable	1,015,000
Compensated absences payable	198,755
Other postemployment benefits payable	34,486,369
Net pension liability- proportionate share	<u>524,437</u>
Total Liabilities	<u>\$ 36,940,860</u>
 DEFERRED INFLOWS OF RESOURCES	
Pensions	625,790
OPEB-GASB 75	3,277,988
Premium on advanced refunding	<u>22,862</u>
Total Deferred Inflows of Resources	<u>\$ 3,926,640</u>
 NET POSITION	
Net Investment in Capital Assets	4,186,142
Restricted	1,215,144
Unrestricted (deficit)	<u>(33,364,232)</u>
Total Net Position	<u>\$ (27,962,946)</u>

See auditor's report. See notes to financial statements.

JOHNSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For Year Ended June 30, 2025

	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
FUNCTIONS/PROGRAMS						
General support	\$ 1,691,376	\$ 384,161	\$ -	\$ -		\$ (2,075,537)
Instruction	5,367,818	1,743,334	4,266	373,544		(6,733,342)
Pupil transportation	515,401	212,729	-	-		(728,130)
Employee benefits	2,445,973	(2,445,973)	-	-		-
Debt service-interest	56,713	-	-	-		(56,713)
Depreciation	397,373	-	-	-		(397,373)
Food service program	226,365	105,749	27,947	197,645		(106,522)
Total Functions and Programs	\$ 10,701,019	\$ -	\$ 32,213	\$ 571,189		(10,097,617)
GENERAL REVENUES						
Real property taxes						6,491,465
Other tax items						213,051
Use of money and property						56,317
Sale of property and compensation for loss						13,976
Miscellaneous						87,399
State sources						3,863,128
Federal sources						74,421
Total General Revenues						10,799,757
Change in Net Position						702,140
Total Net Position - Beginning of year						(28,665,086)
Total Net Position - End of year						\$ (27,962,946)

See auditor's report. See notes to financial statements.

JOHNSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2025

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted cash	\$ 1,661,224	\$ -	\$ -	\$ 1,661,224
Restricted cash	1,173,493	-	-	1,173,493
Other receivables, net	-	-	-	-
Due from other funds	1,160,929	-	(1,160,929)	-
Due from fiduciary funds	-	-	358,605	358,605
State and federal aid receivable	428,367	-	-	428,367
Due from other governments	112,514	-	-	112,514
Inventories	7,722	-	-	7,722
Net pension asset	-	502,863	-	502,863
Capital Assets, (net)	-	5,531,142	-	5,531,142
Total Assets	\$ 4,544,249	\$ 6,034,005	\$ (802,324)	\$ 9,775,930
DEFERRED OUTFLOW OF RESOURCES				
Pensions	\$ -	\$ 1,502,539	\$ -	\$ 1,502,539
OPEB-GASB 75	-	1,626,085	-	1,626,085
Total Deferred Outflows of Resources	\$ -	\$ 3,128,624	\$ -	\$ 3,128,624
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	13,963	5,302	-	19,265
Bonds payable	-	1,345,000	-	1,345,000
Due to other funds	802,324	-	(802,324)	-
Due to other governments	6	-	-	6
Due to teachers' retirement system	316,542	-	-	316,542
Due to employees' retirement system	50,486	-	-	50,486
Other postemployment benefits payable	-	34,486,369	-	34,486,369
Compensated absences	-	198,755	-	198,755
Unearned revenue	-	-	-	-
Net pension liability-proportionate share	-	524,437	-	524,437
Total Liabilities	\$ 1,183,321	\$ 36,559,863	\$ (802,324)	\$ 36,940,860
DEFERRED INFLOWS OF RESOURCES				
Pensions	\$ -	\$ 625,790	\$ -	\$ 625,790
OPEB-GASB 75	-	3,277,988	-	3,277,988
Premium on advanced refunding	-	22,862	-	22,862
Total Deferred Inflows of Resources	\$ -	\$ 3,926,640	\$ -	\$ 3,926,640
FUND BALANCE\NET POSITION				
Total Fund Balance\Net Position	\$ 3,360,928	\$ (31,323,874)	\$ -	\$ (27,962,946)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 4,544,249	\$ 9,162,629	\$ (802,324)	\$ 12,904,554

See auditor's report. See notes to financial statements.

JOHNSBURG CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For Year Ended June 30, 2025

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 6,491,465	\$ -	\$ -	\$ -	\$ 6,491,465
Other tax items	213,051	-	-	-	213,051
Charges for services	4,266	-	-	-	4,266
Use of money and property	56,354	-	-	-	56,354
Sale of property and compensation for loss	13,976	-	-	-	13,976
Miscellaneous	91,493	-	-	-	91,493
State sources	4,030,170	-	-	-	4,030,170
Federal sources	478,568	-	-	-	478,568
Sales	23,816	-	-	-	23,816
Total Revenues	<u>11,403,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,403,159</u>
EXPENDITURES\EXPENSES					
General support	1,707,240	-	(15,864)	-	1,691,376
Instruction	5,441,309	(73,491)	-	-	5,367,818
Pupil transportation	682,959	-	(167,558)	-	515,401
Community services	-	-	-	-	-
Employee benefits	3,463,992	(1,018,019)	-	-	2,445,973
Debt service-Principal	305,000	-	-	(305,000)	-
-Interest	82,500	(25,787)	-	-	56,713
Cost of sales	226,365	-	-	-	226,365
Capital outlay	64,698	-	(64,698)	-	-
Depreciation	-	-	397,373	-	397,373
Total Expenditures	<u>11,974,063</u>	<u>(1,117,297)</u>	<u>149,253</u>	<u>(305,000)</u>	<u>10,701,019</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(570,904)</u>	<u>1,117,297</u>	<u>(149,253)</u>	<u>305,000</u>	<u>702,140</u>
OTHER SOURCES AND USES					
Operating transfers in	104,064	(104,064)	-	-	-
Operating transfers (out)	(104,064)	104,064	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change for the Year	<u>\$ (570,904)</u>	<u>\$ 1,117,297</u>	<u>\$ (149,253)</u>	<u>\$ 305,000</u>	<u>\$ 702,140</u>

See auditor's report. See notes to financial statements.

JOHNSBURG CENTRAL SCHOOL DISTRICT
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30, 2025

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	\$ 1,218,344	\$ 269,396	\$ 46,475	\$ -	\$ 127,009	\$ 1,661,224
Restricted cash	1,173,493	-	-	-	-	1,173,493
Other receivables, net	-	-	-	-	-	-
State and federal aid receivable	113,753	302,549	12,045	-	20	428,367
Due from other governments	112,514	-	-	-	-	112,514
Due from other funds	1,014,343	-	-	41,651	104,935	1,160,929
Inventories	-	-	7,722	-	-	7,722
Total Assets	<u>\$ 3,632,447</u>	<u>\$ 571,945</u>	<u>\$ 66,242</u>	<u>\$ 41,651</u>	<u>\$ 231,964</u>	<u>\$ 4,544,249</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	13,963	-	-	-	-	13,963
Due to other governments	-	-	6	-	-	6
Due to teachers' retirement system	316,542	-	-	-	-	316,542
Due to employees' retirement system	50,486	-	-	-	-	50,486
Due to other funds	104,935	561,487	94,251	-	41,651	802,324
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>485,926</u>	<u>561,487</u>	<u>94,257</u>	<u>-</u>	<u>41,651</u>	<u>1,183,321</u>
FUND BALANCES						
Nonspendable	-	-	7,722	-	-	7,722
Restricted	1,173,493	-	-	41,651	-	1,215,144
Assigned	1,954,759	-	-	-	190,313	2,145,072
Unassigned	18,269	10,458	(35,737)	-	-	(7,010)
Total Fund Balances	<u>3,146,521</u>	<u>10,458</u>	<u>(28,015)</u>	<u>41,651</u>	<u>190,313</u>	<u>3,360,928</u>
Total Liabilities and Fund Balances	<u>\$ 3,632,447</u>	<u>\$ 571,945</u>	<u>\$ 66,242</u>	<u>\$ 41,651</u>	<u>\$ 231,964</u>	<u>\$ 4,544,249</u>

See auditor's report. See notes to financial statements.

JOHNSBURG CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
For Year Ended June 30, 2025

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 6,491,465	\$ -	\$ -	\$ -	\$ -	\$ 6,491,465
Other tax items	213,051	-	-	-	-	213,051
Charges for services	4,266	-	-	-	-	4,266
Use of money and property	56,317	-	37	-	-	56,354
Sale of property and compensation for loss	13,976	-	-	-	-	13,976
Miscellaneous	87,399	-	4,094	-	-	91,493
State sources	3,863,128	111,828	55,214	-	-	4,030,170
Federal sources	74,421	261,716	142,431	-	-	478,568
Sales	-	-	23,816	-	-	23,816
Total Revenues	<u>10,804,023</u>	<u>373,544</u>	<u>225,592</u>	<u>-</u>	<u>-</u>	<u>11,403,159</u>
EXPENDITURES						
General support	1,624,135	83,105	-	-	-	1,707,240
Instruction	5,127,014	314,295	-	-	-	5,441,309
Pupil transportation	682,959	-	-	-	-	682,959
Community services	-	-	-	-	-	-
Employee benefits	3,358,243	-	105,749	-	-	3,463,992
Debt service						
Principal	305,000	-	-	-	-	305,000
Interest	82,500	-	-	-	-	82,500
Cost of sales	-	-	226,365	-	-	226,365
Capital outlay	-	-	-	-	64,698	64,698
Total Expenditures	<u>11,179,851</u>	<u>397,400</u>	<u>332,114</u>	<u>-</u>	<u>64,698</u>	<u>11,974,063</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(375,828)</u>	<u>(23,856)</u>	<u>(106,522)</u>	<u>-</u>	<u>(64,698)</u>	<u>(570,904)</u>
OTHER FINANCING SOURCES AND USES						
Operating transfers in	-	4,064	100,000	-	-	104,064
Operating transfers (out)	<u>(104,064)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,064)</u>
Total Other Financing Sources (Uses)	<u>(104,064)</u>	<u>4,064</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>(479,892)</u>	<u>(19,792)</u>	<u>(6,522)</u>	<u>-</u>	<u>(64,698)</u>	<u>(570,904)</u>
Fund Balance (Deficit) - Beginning of year	<u>3,626,413</u>	<u>30,250</u>	<u>(21,493)</u>	<u>41,651</u>	<u>255,011</u>	<u>3,931,832</u>
Fund Balance (Deficit) - End of year	<u>\$ 3,146,521</u>	<u>\$ 10,458</u>	<u>\$ (28,015)</u>	<u>\$ 41,651</u>	<u>\$ 190,313</u>	<u>\$ 3,360,928</u>

See auditor's report. See notes to financial statements.

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

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
ASSETS			
Cash & Investments	\$ 540,593	\$ 360,843	\$ 42,232
Due from private purpose trusts	-	41,650	-
Total Assets	\$ 540,593	\$ 402,493	\$ 42,232
LIABILITIES			
Due to governmental funds	\$ -	\$ 358,605	\$ -
Due to custodial funds	41,650	-	-
Other liabilities	-	43,888	-
Total Liabilities	41,650	402,493	-
NET POSITION			
Reserved for scholarships Individuals, Organizations and Other governments	\$ 498,943	-	-
	-	-	42,232
Total Net Position	\$ 498,943	\$ -	\$ 42,232

See auditor's report. See notes to financial statements.

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

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
ADDITIONS			
Interest	\$ 13,426	\$ -	\$ -
Contributions	36,125	-	-
Change in market value	7,955	-	-
Unclassified	-	-	63,551
Total Additions	<u>57,506</u>	<u>-</u>	<u>63,551</u>
DEDUCTIONS			
Scholarships and awards	54,325	-	-
Other custodial activities	-	-	60,418
Total Deductions	<u>54,325</u>	<u>-</u>	<u>60,418</u>
Net Increase (Decrease) in Fiduciary Net Position	3,181	-	3,133
Net Position - Beginning of year	<u>495,762</u>	<u>-</u>	<u>39,099</u>
Net Position - End of year	<u>\$ 498,943</u>	<u>\$ -</u>	<u>\$ 42,232</u>

See auditor's report. See notes to financial statements.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Johnsborg Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Johnsborg Central 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 are included in these financial statements. The District accounts for assets held as an agent for various student organizations in a custodial fund.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

B. Joint Venture

The Johnsborg Central School District is a component school district in the Washington-Saratoga-Warren-Hamilton-Essex Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

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, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which their students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2025, the Johnsborg Central School District was billed \$1,206,718 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$184,826. Financial statements for BOCES Aid are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

The Districtwide Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes,

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. Districtwide Statements (Continued)

State Aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

2. Fund Financial Statements

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

The District reports the following funds:

a. Major Governmental Funds

- (1) General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- (2) Special Aid Fund** - These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes 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.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

a. Major Governmental Funds (Continued)

- (3) **School Lunch Fund** – Used to account for transactions of the District’s lunch and breakfast programs.
- (4) **Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- (5) **Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities and other capital and intangible assets.

b. Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the districtwide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

- (1) **Private Purpose Trust Funds** – These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- (2) **Custodial Funds** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

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

The districtwide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the 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. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

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

E. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

F. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 12. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the County of Warren. An amount representing uncollected real property taxes is transmitted to the County for enforcement and is paid by the County to the District no later than the forthcoming April 1.

G. Restricted Resources

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

H. Interfund Transactions

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

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

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

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

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

I. Estimates

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

J. Receivables

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

K. 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 that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the districtwide and fund financial statements. These items are reported as assets on the Statement of Net Position or balance sheet using the consumption method. Under 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 has been classified as nonspendable to indicate that inventory does not constitute an available spendable resource.

L. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the districtwide financial statements and their use is limited by applicable bond covenants.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

L. Other Assets/Restricted Assets (Continued)

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

M. Capital Assets

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Site Improvements	\$ 3,000	5-15
Buildings and Improvements	\$ 3,000	5-15
Furniture and Equipment	\$ 3,000	3-7
Vehicles	\$ 3,000	3-7

N. Compensated Absences

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

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

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

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

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

During the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, Compensated Absences. This Statement establishes recognition and measurement guidance for compensated absences, requiring governments to recognize a liability for leave when (1) the leave is attributable to services already rendered, (2) the leave accumulates, and (3) the leave is more likely than not to be used for time off or otherwise paid in cash/other forms of compensation.

The implementation of GASB 101 resulted in a change in the method of accounting for compensated absences. Previously, the District recognized a liability only for leave that was both earned and vested (i.e., payable upon termination or retirement). Under the new guidance, the District recognizes a liability for leave that is more likely than not to be used or paid.

O. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the districtwide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund'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 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.

P. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the districtwide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item is related to a premium on advanced refunding that is amortized over the life of the bond issue.

R. Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources.

S. Other Benefits

Eligible District employees participate in the New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

T. Short-Term Debt

The School District may issue Revenue and Tax Anticipation Notes in anticipation of 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 revenue anticipation and tax anticipation notes represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

The School District may issue Bond Anticipation Notes in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as the current liability of the fund that will actually receive the proceeds from the issuance of bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

U. Equity Classifications

1. Districtwide Statements

In the districtwide statements there are three classes of net position:

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

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

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$7,722.

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

1. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

2. Unemployment Insurance

This reserve is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

3. Employee Benefit Accrued Liability

This reserve is used to set aside funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

4. Repair

This reserve is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve. Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

5. Employee's and Teachers' Retirement Contributions

This reserve is used for future employee's retirement obligations and teacher's retirement obligations. 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.

6. Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. **Summary of Significant Accounting Policies (Continued)**

U. **Equity Classifications (Continued)**

2. **Fund Statements (Continued)**

Restricted fund balance includes the following:

General Fund:

Employee Benefit Accrued Liability	\$	401,362
Employee Retirement Contributions		258,519
Teacher Retirement Contributions		184,830
Unemployment Insurance		50,099
Tax Certiorari		22,112
Repair		256,571
Debt Service		41,651
Total restricted funds	\$	<u>1,215,144</u>

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

Assigned – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as **Assigned Fund Balance** in the General Fund. Encumbrances reported in the General Fund amounted to \$29,121 and the appropriated fund balance amounted to \$1,925,638.

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

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

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Order of Use of Fund Balance:

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

V. New Accounting Standards

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

GASB has issued Statement 101, Compensated Absences, effective for the year ending June 30, 2025.

GASB has issued Statement 102, Certain Risk Disclosures, effective for the year ending June 15, 2025.

W. Future Changes in Accounting Standards

GASB has issued Statement 103, Financial Reporting Model Improvements, effective for the year ending June 30, 2026.

GASB has issued Statement 104, Disclosure of Certain Capital Assets, effective for the year ending June 30, 2026. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible lease assets, and assets held for sale.

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

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets.

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities:

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

a. Long-term revenue differences:

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

b. Capital related differences:

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

c. Long-term debt transaction differences:

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

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

d. Pension differences:

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

e. OPEB differences:

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

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

Original cost of capital assets	\$13,270,734
Accumulated depreciation	<u>7,739,592</u>
Capital assets, net	<u>\$ 5,531,142</u>

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds payable	<u>\$ 1,345,000</u>
OPEB obligations	<u>\$34,486,369</u>
Compensated Absences	<u>\$ 198,755</u>
Net pension liability-proportionate share	<u>\$ 524,437</u>

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$397,373 was more than capital expenditures of \$248,120 in the current year.

Repayment of bond principal of \$305,000 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities decreased by \$25,787.

III. Cash and Investments

A. Deposits

The Johnsborg Central School District's investment policies are governed by State statutes. The Johnsborg Central School District's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. 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 Federal Deposit Insurance. Obligations that may be pledged as collateral are: obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. Cash and Investments (Continued)

A. Deposits (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District’s custodial bank in the School District’s name.

The District did not have any investments at year end or during the year.

IV. Interfund Transaction

Interfund balances on June 30, 2025, are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,014,343	\$ 104,935	\$ -	\$ 104,064
Special Aid Fund	-	561,487	4,064	-
School Lunch Fund	-	94,251	100,000	-
Capital Fund	104,935	41,651	-	-
Debt Service	41,651	-	-	-
	1,160,929	802,324	\$ 104,064	\$ 104,064
Private Purpose Trusts	-	41,650		
Custodial Fund	41,650	358,605		
Totals	\$ 1,202,579	\$ 1,202,579		

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

V. Capital Assets

A summary of changes in general fixed assets follows:

	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025
<u>Capital assets-not depreciated:</u>				
Land	\$ 4,835	\$ -	\$ -	\$ 4,835
Construction in progress	1,002,766	64,698	-	1,067,464
Total capital assets-not depreciated:	1,007,601	64,698	-	1,072,299
 <u>Other capital assets:</u>				
Buildings and improvements	9,106,462	-	-	9,106,462
Equipment	1,208,872	15,864	-	1,224,736
Vehicles	1,699,679	167,558	-	1,867,237
Total other capital assets:	12,015,013	183,422	-	12,198,435
 <u>Less accumulated depreciation:</u>				
Buildings and improvements	5,171,857	218,407	-	5,390,264
Equipment	1,055,727	37,207	-	1,092,934
Vehicles	1,114,635	141,759	-	1,256,394
Total accumulated depreciation	7,342,219	397,373	-	7,739,592
Other capital assets, net	4,672,794	(213,951)	-	4,458,843
Total	\$ 5,680,395	\$ (149,253)	\$ -	\$ 5,531,142

Depreciation expense for the period was shown as unallocated in the Statement of Activities.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans

1. General Information

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

2. Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The 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, NY 12244.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

Funding Policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Contributions

	<u>ERS</u>	<u>TRS</u>
2025	\$174,571	\$351,182
2024	\$153,488	\$361,101
2023	\$106,323	\$330,094

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

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

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	31-Mar-25	30-Jun-24
Net pension liability/(asset)	\$524,437	(\$502,863)
District's portion of the Plan's total net pension liability	.0030587%	.016854%
Change in proportion since the prior measurement date	(.000057%)	(.000516%)

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

For the year ended June 30, 2025, the District's recognized pension expense of \$140,944 for ERS and \$294,121 for TRS. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$130,169	\$541,492	\$6,140	\$0
Changes of assumptions	21,994	300,814	0	50,600
Net difference between projected and actual earnings on pension plan investments	41,146	0	0	558,724
Changes in proportion and differences between the District's contributions and proportionate share of contributions	82,200	48,090	5,479	4,847
District's contributions subsequent to the measurement date	50,486	286,148	0	0
Total	\$325,995	\$1,176,544	\$11,619	\$614,171

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

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2025	\$ -	\$ (247,390)
2026	117,835	625,860
2027	159,495	(93,258)
2028	(23,154)	(106,153)
2029	9,713	69,660
2030	-	-
Thereafter	-	27,506

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

4. 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 liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Interest rate	5.9%	6.95%
Salary scale	4.40%	1.95%-5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.9%	2.40%
COLA's	1.5%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System’s experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020, System’s experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2022, 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, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

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

Measurement date	<u>ERS</u>	<u>TRS</u>
	March 31, 2025	June 30, 2024
<u>Asset Type</u>	<u>%</u>	<u>%</u>
Domestic Equities	3.54%	6.60%
International Equities	6.57%	7.40%
Global equities	0.00%	6.90%
Private Equity	7.25%	10.00%
Real Estate Equity	4.95%	6.30%
Opportunistic/ARS portfolio	5.25%	0.00%
Credit	5.40%	0.00%
Domestic fixed income securities	0.00%	2.60%
Global bonds	0.00%	2.50%
Private debt	0.00%	5.90%
Absolute return strategies	5.38%	0.00%
Real estate debt	0.00%	3.90%
Cash Equivalents	0.25%	0.50%
High yield fixed income securities	2.00%	4.80%
Real assets	5.55%	0.00%

5. Discount Rate

The discount rate used to calculate the total pension liability was 5.9 % for ERS and 6.95 % for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

6. Sensitivity of the Proportionate Share of Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate :

ERS	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$1,517,787	\$524,437	(\$305,011)
TRS	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$2,322,755	(\$502,863)	(\$2,879,284)

7. Pension Plan Fiduciary Net Position

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ 247,600,239	\$ 142,837,826,465
Plan Fiduciary Net Position	230,454,512	145,821,434,780
Employers' net pension liability/(asset)	17,145,727	(2,983,608,315)
Plan fiduciary net position as a percentage of total pension (asset)/liability	93.0800%	102.1000%

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025, represent the projected employer contribution for the period of April 1, 2025, through June 30, 2025, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025, amounted to \$50,486.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018, are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025, represent employee and employer contributions for the fiscal year ended June 30, 2025, based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025, amounted to \$316,542.

JOHNSBURG CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations

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

1. Long-Term Debt Interest

Interest paid	\$82,500
Less interest accrued in the prior year	(8,229)
Plus, interest accrued in the current year	5,302
Amortization of advanced refunding premium	<u>(22,860)</u>
Total expense	<u>\$56,713</u>

2. Changes

	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025	Due Within One Year
Serial Bonds	\$ 1,650,000	\$ -	\$ 305,000	\$ 1,345,000	<u>\$ 330,000</u>
**Compensated Absences	272,246	-	73,491	198,755	
OPEB Obligations	35,154,730	-	668,361	34,486,369	
Net Pension Liability- Proportionate Share	657,398	-	132,961	524,437	
Totals	<u>\$ 37,734,374</u>	<u>\$ -</u>	<u>\$ 1,179,813</u>	<u>\$ 36,554,561</u>	

**As a result of the implementation of GASB Statement 101 on July 1, 2024, The District’s liability for compensated absences increased to reflect amounts considered “more likely than not” to be taken or paid for in the future.

Prior-Year Defeasance of Debt

In prior years, certain general obligation bonds were defeased by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the liability for the defeased bonds and the trust account assets are not included in the financial statements.

JOHNSBURG CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations (Continued)

3. Maturity

a. The following is a summary of the debt issued:

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2025
Serial Bonds:				
Advanced refunding	2019	2026	1.5-5%	\$ 240,000
Construction	2020	2035	5.00%	1,105,000
Total				<u>\$ 1,345,000</u>

b. The following is a summary of maturing principal debt service requirements:

Serial Bonds:	Year	Principal	Interest	Total
	2026	\$ 330,000	\$ 67,250	\$ 397,250
	2027	95,000	50,750	145,750
	2028	100,000	46,000	146,000
	2029	105,000	41,000	146,000
	2030	110,000	35,750	145,750
	2031 and thereafter	605,000	92,750	697,750
Total		<u>\$ 1,345,000</u>	<u>\$ 333,500</u>	<u>\$ 1,678,500</u>

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits

A. General Information about the OPEB Plan

Plan Description- The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms- On June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	82
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>64</u>
Total membership	146

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability

The District's total OPEB liability of \$34,486,369 was measured as of July 1, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs- The total OPEB liability on the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary Increases	3.0%, average, including inflation
Discount Rate	3.96%
Healthcare Cost Trend Rates	6.6% for 2025, decreasing to an ultimate rate of 5.0% by 2030 and later years

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the RP-2014 mortality table with mortality projected to the current year using Scale MP-2023 to account for mortality improvement.

The actuarial assumptions used on the June 30, 2025, valuation were based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

C. Changes in the Total OPEB Liability

Balance on June 30, 2024	<u>\$35,154,730</u>
<u>Changes for the Year</u>	
Service cost	647,034
Interest	1,269,373
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(1,182,972)
Benefit payments	<u>(1,401,797)</u>
Net Changes	<u>(668,362)</u>
Balance on June 30, 2025	<u>\$34,486,369</u>

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2024 to 3.96% in 2025.

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

	(2.96%) 1% Decrease	(3.96%) Discount Rate	(4.96%) 1% Increase
Total OPEB Liability	<u>\$ 39,076,701</u>	<u>\$ 34,486,369</u>	<u>\$ 31,338,690</u>

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

	(6%) 1% Decrease	(7%) Healthcare Cost Trend Rates	(8%) 1% Increase
Total OPEB Liability	<u>\$ 31,364,388</u>	<u>\$ 34,486,369</u>	<u>\$ 38,979,412</u>

JOHNSBURG CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

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

For the year ended June 30, 2025, the District recognized an OPEB expense of (\$983,682). On June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$1,626,085	\$ -
Differences between expected and actual experience		(34,827)
Changes in benefit terms	-	-
Changes of assumptions or other inputs	-	(3,243,161)
Total	<u>\$1,626,085</u>	<u>(\$ 3,277,988)</u>

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
2025	\$ (1,274,006)
2026	(1,274,006)
2027	(1,545,219)
2028	(222,168)
2029	(236,594)
2030	-

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Grants

The School District has received grants, which are subject to audit by agencies of the State and Federal government. 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.

3. Health Insurance Consortium

The School District is a participant in the Washington-Saratoga-Warren-Hamilton-Essex Counties Health Insurance Consortium, a public entity risk pool operated for the benefit of the 17 individual school districts located within the plan's service area. The school district pays monthly premiums to the Consortium for this health insurance coverage. The Plan is considered a self-sustaining risk pool that will provide coverage for its members up to \$100,000 loss limit per individual and \$1,000,000 maximum aggregate indemnity limit. The Plan obtains independent coverage for insured events in excess of the limits and the Johnsborg Central School District has essentially transferred all related risk to the Consortium.

The Johnsborg Central School District also participates in a risk sharing pool, the Washington-Saratoga-Warren-Hamilton-Essex Counties Workers' Compensation Plan, to insure worker's compensation claims. This is a public entity risk pool created to finance liability and risks related to Worker's Compensation Claims.

The Johnsborg Central School District incurs costs related to the above listed risk pools sponsored by the Washington-Saratoga-Warren-Hamilton-Essex Counties Health Insurance Consortium Board of Cooperative Educational Services (BOCES) and its component districts. The Pool's objectives are to formulate, develop, and to administer a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program. Pool members include 17 districts with the Johnsborg Central School District bearing a proportionate share of the Pool's assets and claim liabilities.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Commitments and Contingencies (Continued)

3. Health Insurance Consortium (Continued)

Pool members are subject to a supplemental assessment in the event of deficiencies. If the Pool's assets were to be exhausted, members would be responsible for the Pool's liabilities. The Pool's use a reinsurance agreement to reduce their exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The Pool's establish a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims liabilities 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.

4. Litigation

There are currently pending tax certiorari proceedings, the results of which could require the payments of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. The School District has established a tax certiorari reserve to cover a portion of the potential refund exposure and the District has legal authority to borrow funds to repay school taxes when needed.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

A. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Total governmental fund balance	\$ 3,360,928
Capital assets (net)	5,531,142
Deferred outflows of resources	3,128,624
Net pension asset	502,863
Bonds payable	(1,345,000)
Accrued interest payable	(5,302)
Net pension liability-proportionate share	(524,437)
Deferred inflows of resources	(3,926,640)
Compensated absences	(198,755)
OPEB obligations	(34,486,369)
Total net position	<u>\$ (27,962,946)</u>

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

X. Other Disclosures (Continued)

B. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Net changes in fund balance-total governmental funds	\$ (570,904)
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	248,120
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(397,373)
Repayments of Long-Term debt are recorded as expenditures in the governmental funds, but are recorded as paymtns of liabilities in the Statement of Net Position	305,000
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during, 2024/25 results in less expense.	2,927
Amortization of advanced refunding premium	22,860
(Increases)/Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	(6,132)
Employee's Retirement System	40,469
Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	983,682
Compensated absences	73,491
	<hr/>
Change in Net Position-Governmental Activities	<u>\$ 702,140</u>

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Stewardship, Compliance and Accountability

A. Budgetary Procedures and Budgetary Accounting

1. Budgets

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

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (When permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The General Fund budget was increased to reflect carryover encumbrances of \$6,194.

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

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

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

JOHNSBURG CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Procedures and Budgetary Accounting (Continued)

2. Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid.
3. The School Lunch Fund had a deficit fund balance at June 30, 2025 in the amount of \$28,015. The General Fund will subsidize this deficit in the 2025-26 school year.

XII. Subsequent Events

There were no significant subsequent events to report as of December 11, 2025.

JOHNSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND
For Year Ended June 30, 2025

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	\$ 6,715,457	\$ 6,502,406	\$ 6,491,465	\$ (10,941)
Other tax items	-	213,051	213,051	-
Charges for services	16,500	16,500	4,266	(12,234)
Use of money and property	35,000	35,000	56,317	21,317
Sale of property and compensation for loss	4,000	4,000	13,976	9,976
Miscellaneous	174,500	174,500	87,399	(87,101)
Total Local Sources	6,945,457	6,945,457	6,866,474	(78,983)
State Sources	4,008,709	4,008,709	3,863,128	(145,581)
Federal Sources	115,845	115,845	74,421	(41,424)
Total Revenues	11,070,011	11,070,011	10,804,023	\$ (265,988)
Appropriated Fund Balance	1,823,517	1,823,517		
Appropriated Reserves	-	6,194		
Total Revenues, Other Financing Sources, Appropriated Fund Balance and Reserves	\$ 12,893,528	\$ 12,899,722		

See paragraph on required supplementary information included in auditor's report.

JOHNSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-
GENERAL FUND
For Year Ended June 30, 2025

	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of education	\$ 26,000	\$ 28,401	\$ 34,652	\$ -	\$ (6,251)
Central administration	209,200	209,200	211,099	-	(1,899)
Finance	260,150	277,307	329,217	-	(51,910)
Staff	67,925	48,512	55,909	-	(7,397)
Central services	819,975	821,475	767,831	21,173	32,471
Special items	123,357	129,048	225,427	-	(96,379)
Total General Support	<u>1,506,607</u>	<u>1,513,943</u>	<u>1,624,135</u>	<u>21,173</u>	<u>(131,365)</u>
Instructional					
Instruction, administration and improvement	199,000	199,000	196,905	-	2,095
Teaching - regular school	2,902,048	2,859,624	2,716,274	1,445	141,905
Programs for children with handicapping conditions	1,377,900	1,353,568	1,146,631	-	206,937
Occupational education	109,490	134,490	187,768	-	(53,278)
Teaching - special school	19,050	19,532	28,967	689	(10,124)
Instructional media	430,565	431,143	434,207	300	(3,364)
Pupil services	466,700	508,454	416,262	4,014	88,178
Total Instructional	<u>5,504,753</u>	<u>5,505,811</u>	<u>5,127,014</u>	<u>6,448</u>	<u>372,349</u>
Community service	1,650	1,650	-	-	1,650
Pupil transportation	727,272	725,378	682,959	1,500	40,919
Employee benefits	4,638,246	4,637,940	3,358,243	-	1,279,697
Debt service					
Principal	310,000	310,000	305,000	-	5,000
Interest	98,000	98,000	82,500	-	15,500
Total Expenditures	<u>12,786,528</u>	<u>12,792,722</u>	<u>11,179,851</u>	<u>29,121</u>	<u>1,583,750</u>
OTHER FINANCING USES					
Operating transfers out	107,000	107,000	104,064	-	2,936
Total Expenditures and Other Financing Uses	<u>\$ 12,893,528</u>	<u>\$ 12,899,722</u>	<u>11,283,915</u>	<u>\$ 29,121</u>	<u>\$ 1,586,686</u>
Net change in fund balance			(479,892)		
Fund balance- Beginning			3,626,413		
Fund balance- Ending			<u>\$ 3,146,521</u>		

See paragraph on required supplementary information included in auditor's report.

JOHNSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
For Year Ended June 30, 2025

Total OPEB Liability	2025	2024	2023	2022	2021
Service Cost at end of year	\$ 647,034	\$ 659,116	\$ 627,729	\$ 659,116	\$ 627,729
Interest	1,269,373	1,209,518	874,392	857,724	1,163,208
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	-	-	1,484,447	-
Changes of assumptions or other inputs	(1,182,972)	624,994	(6,615,256)	(128,381)	5,014,353
Benefit payments	(1,401,797)	(1,247,312)	(1,185,658)	(1,188,652)	(1,110,890)
Net change in Total OPEB Liability	(668,362)	(624,994)	(6,298,793)	1,684,253	5,694,401
Total OPEB Liability- beginning	35,514,730	34,461,276	40,760,070	39,075,817	33,381,416
Total OPEB Liability- ending	\$ 34,486,369	\$ 35,514,730	\$ 34,461,276	\$ 40,760,070	\$ 39,075,817
Covered-employee payroll					
Total OPEB Liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

See paragraph on required supplementary information included in auditor's report

JOHNSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
June 30, 2025

	<u>Teachers' Retirement System</u>					
	2025	2024	2023	2022	2021	2020
District's proportion of the net pension asset/liability	.016854%	.017370%	.017642%	.018004%	.017675%	.017998%
District's proportionate share of the net pension (asset)/liability	\$ (502,863)	\$ 198,636	\$ 338,526	\$ (3,119,987)	\$ 488,400	\$ (467,581)
District's covered-employee payroll	\$ 2,830,342	\$ 3,218,064	\$ 3,207,911	\$ 3,126,287	\$ 3,055,918	\$ 2,999,956
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	17.76%	6.17%	10.55%	99.80%	15.98%	15.59%
Plan fiduciary net position as a percentage of the total pension liability	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%

	<u>Employees' Retirement System</u>					
	2025	2024	2023	2022	2021	2020
District's proportion of the net pension liability	.0030587%	.0031157%	.0026271%	.0025994%	.0025542%	.0027794%
District's proportionate share of the net pension liability	\$ 524,437	\$ 458,762	\$ 563,363	\$ (212,486)	\$ 2,543	\$ 736,003
District's covered-employee payroll	\$ 1,235,177	\$ 1,170,151	\$ 961,421	\$ 853,515	\$ 902,728	\$ 919,351
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	42.45%	39.20%	58.60%	24.89%	0.28%	80.06%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%

See paragraph on required supplementary information included in auditor's report.

JOHNSBURG CENTRAL SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 June 30, 2025

	<i>Teachers' Retirement System</i>				
	2025	2024	2023	2022	2021
Contractually required contribution	\$ 286,148	\$ 314,083	\$ 330,094	\$ 306,278	\$ 291,229
Contributions in relation to the contractually required contribution	286,148	314,083	330,094	306,278	291,229
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,830,342	\$ 3,218,064	\$ 3,207,911	\$ 3,126,287	\$ 3,055,918
Contributions as a percentage of covered employee payroll	10.11%	9.76%	10.29%	9.80%	9.53%

	<i>Employees' Retirement System</i>				
	2025	2024	2023	2022	2021
Contractually required contribution	\$ 201,945	\$ 174,571	\$ 106,323	\$ 127,846	\$ 122,791
Contributions in relation to the contractually required contribution	201,945	174,571	106,323	127,846	122,791
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,235,177	\$ 1,170,151	\$ 961,421	\$ 853,515	\$ 902,728
Contributions as a percentage of covered employee payroll	16.34%	14.91%	11.06%	14.97%	13.60%

See paragraph on required supplementary information included in auditor's report.

JOHNSBURG CENTRAL SCHOOL DISTRICT
 SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND
 REAL PROPERTY TAX LAW LIMIT
 For Year Ended June 30, 2025

CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET

Original Budget	\$ 12,893,528
Additions:	
Prior year's encumbrances	6,194
Final Budget	\$ 12,899,722

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-26 Voter-approved Expenditure Budget	\$ 13,219,898
Maximum allowed (4% of 2025-26 Budget)	\$ 528,796

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:

Unrestricted fund balance:	
Assigned fund balance	\$ 1,954,759
Unassigned fund balance	18,269
Total unrestricted fund balance	\$ 1,973,028

Less:	
Appropriated fund balance	1,925,638
Encumbrances included in committed and assigned fund balance	29,121
Total adjustments	\$ 1,954,759

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 18,269
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Actual percentage	0.14%
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* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (originally Issued November 2010), the portion of General Fund Fund Balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

See paragraph on required supplementary information included in auditor's report.

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

PROJECT TITLE	Original Budget	Revised Budget	Expenditures		Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2025	
			Prior Years	Current Year			Total	State Sources	Local Sources		Total
Capital Project-2025	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 64,698	\$ 2,935,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (64,698)
Prior	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,011
	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 64,698	\$ 2,935,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,313

See paragraph on required supplementary information included in auditor's report.

JOHNSBURG CENTRAL SCHOOL DISTRICT
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2025

Capital assets, net		\$ 5,531,142
Deduct:		
Short-term portion of bonds payable	\$ 330,000	
Long-term portion of bonds payable	<u>1,015,000</u>	<u>1,345,000</u>
Investment in capital assets, net of related debt		<u><u>\$ 4,186,142</u></u>

See paragraph on required supplementary information included in auditor's report.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Johnsburg Central School District as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Johnsburg Central School District's internal control over financial reporting (internal control) to determine the 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 Johnsburg Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Johnsburg Central School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Johnsbury Central School District's financial statements are free of 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 determination of financial statement amounts. 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*.

We have noted certain other matters that we have reported to the Board of Education, Audit Committee and Management in our accompanying management letter.

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.

Raymond G. Preusser, CPA, P.C.

Claverack, New York
December 11, 2025

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Johnsburg Central School District as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Johnsburg Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Johnsburg Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Johnsburg Central School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 11, 2025 on the financial statements of the Johnsburg Central School District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Other Matters:

Issues Related to Changing Environment

It was noted that the Business Office Procedures Manual was started during the year. The District operates in a complex or frequently changing compliance environment. The risk to the District is that as compliance regulations change, complexities place task burdens on the District employees. The complexity of the tasks increases the risk that the District could feel adverse consequences if it were to lose a key person in the Business Office with no written procedures to be followed by a new employee.

We recommend that the District document all critical financial processes. These process documents should be reviewed for accuracy and completeness. Once prepared, employees should be required to maintain the documents in a manner that reflects any changes to the procedures.

Interfund Receivables/Payables

During our audit, we noted that the interfund receivables were not reconciled with the interfund payables at year end.

We recommend that the interfund receivables and payables be reconciled monthly to ensure accuracy within these accounts and funds.

Budget Transfers

The matter of effecting budgetary transfers is of critical importance to the efficient management of a District's fiscal affairs. It is important to note that such transfer authority has its basis in Section 170.2 (I) of Commissioner's Regulations. This authorization is limited to transfers between and within districtwide (ST-3) function unit appropriations for teacher's salaries and ordinary contingent expenses.

Since the adopted budget is, at best, an estimated expenditure plan, it is not unusual for conditions to arise whereby transfers between or among function/object categories are required to maintain fiscal balance. Appropriately, Section 170.2 (I) of Commissioner's Regulations provides for such transfers and permits the Board of Education to facilitate the procedure by authorizing "the Chief School Officer to make transfers within the limits as established by the Board."

During our audit, we noted that budget transfers were not always made on a timely basis. Proper purchasing procedures require that funds cannot be expended from codes that do not have funds available. Therefore, transfers should occur to show that funds are available to be spent.

School Lunch Fund:

During our audit, we noted the following:

1. The Fund sustained a loss in the amount of \$6,522 even after a \$100,000 transfer from General Fund which resulted in a fund balance deficit of \$28,015 on June 30, 2025. It should be noted that there is no provision in law or regulation, which permits a school district to have a deficit fund balance. It is imperative that the cafeteria operation be maintained on a “break-even” or profitable basis.
2. The Fund is indebted to the General Fund in the amount of \$94,251 on June 30, 2025.

We urge the District to monitor the revenues and expenditures closely to eliminate the deficit. We also recommend that the District establish a plan to eliminate the interfund payable to the General Fund.

This communication is intended solely for the information and use of the Board of Education, management, the audit committee, the New York State Education Department and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the Business Office personnel for their courtesies received during the course of our audit.

Very truly yours,
RAYMOND G. PREUSSER, CPA, P.C.

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