PRELIMINARY OFFICIAL STATEMENT DATED MAY 24, 2023

**RENEWAL 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, for tax years beginning after December 31, 2022, 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 NOT be designated as or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.*

# $76,485,637

# HORSEHEADS CENTRAL SCHOOL DISTRICT

## CHEMUNG COUNTY, NEW YORK

### GENERAL OBLIGATIONS

## $76,485,637 Bond Anticipation Notes, 2023 (Renewals)

(the "Notes")

**Dated: June 21, 2023** **Due: June 21, 2024**

The Notes will constitute general obligations of the Horseheads Central School District, Chemung County, New York (the "School District"), will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes and will be payable from ad valorem taxes, which may be levied upon all the taxable real property within the School District, without limitation as to rate or amount. The faith and credit of the Horseheads Central School District are irrevocably pledged for the payment of the Notes and the interest thereon. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

At the option of the purchaser(s), the Notes will be issued as registered notes registered in the name of the purchaser or in book-entry-only form. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the offices of the School District. The purchaser(s) shall have the right to designate a bank or banks located and authorized to do business in the State of New York as the place or places for the payment of the principal and interest on the Notes. Any related bank fees are to be paid by the purchaser(s). A single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate.

If the purchaser(s) notifies Bond Counsel by 3:00 P.M., prevailing time on the date of sale, such Notes may be issued in the form of book-entry-only notes, in denominations corresponding to the aggregate principal amount for each Note bearing the same rate of interest and CUSIP number. In the event that the purchaser(s) choose book-entry-only notes, as a condition to delivery of the Notes, the successful bidder(s) will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may only be made through book entries (without certificates issued by the School District) made on the books and records of DTC (or a successor depository) and its participants, in denominations of $5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes $5,637. Principal of and interest on the Notes will be payable by the School District by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The School District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. 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, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon with the purchaser(s) on or about June 21, 2023.

**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on May 31, 2023 between 11:15 A.M. and 11:45 A.M., Eastern Time, unless extended in accordance with the two-minute rule pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

May __, 2023

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

# HORSEHEADS CENTRAL SCHOOL DISTRICT
## CHEMUNG COUNTY, NEW YORK

## SCHOOL DISTRICT OFFICIALS

### 2022-2023 BOARD OF EDUCATION

KRISTINE DALE
President

BRIAN LYNCH
Vice President

KEVIN ADAMS
TOM CASEY
DANIEL CHRISTMAS
WARREN CONKLIN
MARY ANNE HOLLERAN
C. DOUGLAS JOHNSON
LIZ O'DELL WEHLING

* * * * * *

DR. THOMAS J. DOUGLAS
Superintendent of Schools

KATY BUZZETTI
Assistant Superintendent for Business

LINDA KLIEVONEIT
Treasurer

TERRI CLARK
School District Clerk

FERRARA FIORENZA PC
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
School District Municipal Advisor

BARCLAY DAMON LLP
Bond Counsel

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**PREPARED WITH THE ASSISTANCE OF**


Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051
www.fiscaladvisors.com

**OFFICIAL STATEMENT**

**of the**

# HORSEHEADS CENTRAL SCHOOL DISTRICT
# CHEMUNG COUNTY, NEW YORK

**Relating To**

## $76,485,637 Bond Anticipation Notes, 2023 (Renewals)

This Official Statement, which includes the cover page and appendices, has been prepared by the Horseheads Central School District, Chemung County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $76,485,637 principal amount of Bond Anticipation Notes, 2023 (Renewals) (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 School District and the holder thereof.

Holders of any series of notes or bonds of the School 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 School District and will contain a pledge of the faith and credit of the School 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 School District has power and statutory authorization to levy ad valorem taxes on all real property within the School District subject to such taxation by the School 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 School 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 School 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 will be general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Notes will be dated June 21, 2023 and mature, without option of prior redemption, on June 21, 2024. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

If the Notes are issued registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the School District. In such case, the Notes will be registered in the name of the purchaser and a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the purchaser notifies Bond Counsel by 3:00 P.M., prevailing time on the date of sale, such Notes may be issued in the form of book-entry-only notes, in denominations corresponding to the aggregate principal amount for each Note bearing the same rate of interest and CUSIP number. In the event that the purchaser choose book-entry-only notes, as a condition to delivery of the Notes, the successful bidder will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may only be made through book entries (without certificates issued by the School District) made on the books and records of DTC (or a successor depository) and its participants, in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination of $5,637. Principal of and interest on the Notes will be payable by the School District by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The School District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (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 among others, the Local Finance Law and the Education Law, and pursuant to a bond resolution that was duly adopted by the Board of Education of the District on March 22, 2018 authorizing the issuance of serial general obligation bonds in an aggregate principal amount not to exceed $84,685,637 to finance the construction of additions to and the reconstruction of various School District buildings and facilities at a maximum estimated cost of $94,685,637 and authorizing the expenditure of $10,000,000 Capital Reserve Funds to finance a portion of the project cost.

The proceeds of the Notes, together with $3,195,000 available funds of the District will redeem and partially renew $79,680,637 bond anticipation notes maturing June 22, 2023 and issued for the aforementioned purpose.

## 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 School 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 School 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 School 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 a purchaser of the Notes elect to have the Notes issued in certificated form or if 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, except for one necessary odd denomination of $5,637. Principal of and interest on the Notes will be payable at the option of the School District at the offices of the School District or 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 School District is located primarily in Chemung County, ten miles north of the Pennsylvania border. The School District is north of the City of Elmira and east of the City of Corning, and covers an area of approximately 143 square miles. The School District was centralized on March 22, 1950 from 36 former union free and common school districts. The tax base of the School District has increased in recent years due to new housing developments and new retail establishments.

The School District is a mixture of residential, agricultural and industrial areas including the incorporated Villages of Horseheads and Millport. Residents also commute to nearby Elmira and Corning for employment.

Public utilities serving the School District include Verizon (formerly Bell Atlantic). Water and sewer services are provided by the Villages of Horseheads and Big Flats and Chemung County. Police protection includes the Chemung and Schuyler County Sheriff's Departments and the New York State Police, as well as the Horseheads Village Police.

Transportation to the School District is provided by New York State Route 17, the "Southern Tier Expressway" I-86 and New York State Routes 14 and 13. Air transportation is available at the Elmira-Corning Regional Airport.

Higher educational opportunities are available at nearby Elmira College and Corning Community College. Ithaca College, Cornell University, Keuka College, Hobart and William Smith Colleges, the State University College at Cortland, Alfred University, and Alfred State College are all within commuting distance and provide higher educational opportunities to School District residents.

Recreational opportunities available to School District residents include the numerous State parks and wildlife areas in the Finger Lakes Region and the nearby Chemung County Harris Hill Park, including the National Soaring Museum.

Banking institutions serving the District include Chemung Canal Trust Company, Elmira Savings Bank, JPMorgan Chase Bank, N.A., and First Heritage Federal Credit Union.

Source: District officials

**District Population**

The 2021 estimated population of the District is 27,169. (Source: U.S. Census Bureau, 2017-21 American Community Survey data.)

**Recent Economic Developments**

The School District boundaries fall within the region's I-86 Corridor Project which is aimed at creating a cohesive economic development blueprint that results in the I-86 Corridor between 1-99 in Steuben County and I-86 at the Elmira Exchange becoming the nexus of growth for business expansion and new business development in the Southern Tier. The strategic action plan for the 1-86 Corridor Project is designed to accelerate public/private investments, create job opportunities, advance regional competitiveness, and create the environment to draw and keep young, skilled workforce participants. The following are highlights of some of the projects developed or being developed in or near the District.

**GEM Energy, LLC** proposes to construct and install a 5 MW community distributed generation solar project on a 22-acre parcel located on Sing Sing Road in the Town of Big Flats. GEM Energy is part of the Rudolph Libbe Group. It manages solar projects through development, design/build, and provides interconnection and ongoing maintenance. GEM Energy, LLC received development incentives through the Chemung County Industrial Development Agency (the "Chemung County IDA") through its adopted solar policy in which the company will make annual payments in lieu of taxes (the "PILOT Payments") of $8,000/MW with a 2% escalator for 20 years. Total amount of the PILOT Payments over the 20-year term is $910,198. The estimated value of the sales tax incentive provided by the Chemung County IDA is $312,000. The total project cost is $9,750,000 which includes infrastructure work, soft costs, design, and the solar array.

**Southern Tier Economic Growth ("STEG")** is working with **Horseheads Sand and Transloading Terminal ("HOST")** as it positions itself for significant improvements. A regional asset, HOST boasts over 2.2 million square feet of warehouse space, five miles of rail, significant infrastructure including water, sewer and high-speed fiber connectivity on 182 acres with proximity to ELM airport. Owners are working with a regional logistics company with a need to expand its business. Foreign Trade Zone credentials are being pursued. STEM believes that the FTZ credentials, along with the other attributes, will make the site extremely attractive for warehouse and logistics space. Owners have demolished several old buildings and left the concrete pads which reduces the cost of new construction.

**Hardinge Inc.** has invested millions of dollars in upgrades to its local facility. The company provides advanced metal cutting and material cutting tool solutions and accessories. It shifted its milling and turning machining capabilities from Taiwan to its Elmira facility. The project also includes renovations and an increase in jobs. As one of the area's largest manufacturers, Hardinge currently employs approximately 300 people.

**The Lake Erie College of Osteopathic Medicine ("LECOM")** celebrated its opening with a ribbon cutting ceremony and celebration in July, 2022. LECOM was first introduced to Elmira in 2012 when it began sending its third and fourth year medical students to Arnot Health and other area hospitals for their clinical learning. After years of effort from LECOM and local officials the establishment of a $20 million campus was finally given the green light in 2018. STEG assisted LECOM by writing a $3 million grant application to New York State's Empire State Development to assist with construction costs. The economic impact of LECOM in Elmira has been significant. A study conducted by Tripp Umbach estimated the direct and indirect economic impact of LECOM during its two-year start- up period would be approximately $60.4 millionSTEG expects that the financial impact will increase over time. LECOM Elmira will eventually be home to 480 aspiring physicians. As LECOM celebrated its ribbon cutting in July, the area experienced substantial interest from developers looking to invest in housing projects. Riedman Development completed its new housing project near the LECOM campus. There are housing projects in development in Big Flats, such as Josh Real Estate Development, indicating that new modernized housing is desired and needed in communities within the region.

**Erin Renewables** is expected to develop a 2.1 Megawatt (MW) AC ground mounted solar energy project on approximately 13 acres of a 99 acre, privately-owned property in the Town of Erin. The project site most recent use is for the farming of corn and hay, and this will continue on the portion of the 99-acre parcel that is not leased to Erin Renewables. The total developed area of the 13-acre project consists of approximately 522,720 square feet within a fenced area. Erin Renewables will operate as a Community Distributed Generation project with an incentive from the New York Sun program. Total capital investment for the project is estimated at approximately $4.3M. Incentives provided by the Chemung County IDA include sales tax exemption benefits of approximately $213,000, a mortgage recording exemption benefit of $15,025, and a negotiated payment in lieu of taxes payment of $8,000 per MW. The project will allow area residents to participate in a share of this clean-energy project and to receive a discount on their electricity bills and it will generate greater real property tax revenue than does the existing land use.

**Nexamp Incorporated** operates as a solar contractor that designs, develops, builds, installs, owns, finances, and operates commercial-scale solar projects in the United States. The company offers asset management/operations and maintenance, power purchase agreements, and community solar solutions. It serves property owners and managers, energy users, solar facility owners, and investors. Nexamp has over 165-solar projects, totaling 150 MW of solar generating capacity. Of those, 62 MW were awarded under the New York Sun program and eight projects are interconnected.

**Stamped Fittings LLC**, located in Elmira Heights, is a manufacturer of HVAC spiral pipe components that services accounts in the United States, Canada and Puerto Rico. The company has partnered with Vento SA from Belgium on an expansion project in Airport Corporate Park, Big Flats. The project includes the construction of a 116,000 square foot building and all new machinery and equipment. This project will impact 54 jobs. Stamped Fittings received support from the Chemung County IDA and a $1,010,000 grant from NYS Empire State Development.

In January 2022, **Ohio Logistics/Southern Tier Logistics** became a majority owner of the "Holding Point" and has been working on developing the property into a logistics center that mirrors the centers they created in Findlay and Bowling Green, Ohio. They have provided warehousing, distribution, and logistics services in the Southern Tier for years with locations in Horseheads, Elmira Heights, Painted Post, and Elmira. Plans are to convert the Southern Tier Logistics campus into a state-of-the-art logistics center with value added services. They are working on finalizing Foreign Trade Zone status and have a seven-year investment plan totaling $125 million starting with the construction of a 461,000 sf, $25 million warehousing facility that is expected to be completed in 2023. The building already has full tenancy commitment and will create 73 jobs.

Source: STEG Annual Reports.

**Selected Wealth and Income Indicators**

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

| | Per Capita Income | | | Median Family Income | | |
|---|---|---|---|---|---|---|
| | 2000 | 2006-2010 | 2017-2021 | 2000 | 2006-2010 | 2017-2021 |
| Towns of: | | | | | | |
| Baldwin | $ 19,075 | 22,958 | $ 29,330 | $ 42,250 | $ 71,375 | $ 60,952 |
| Big Flats | 23,391 | 36,916 | 46,290 | 59,500 | 83,265 | 94,778 |
| Catlin | 17,869 | 26,299 | 34,312 | 42,308 | 57,105 | 81,979 |
| Cayuta | 18,419 | 18,861 | 22,603 | 35,313 | 45,417 | 39,808 |
| Erin | 16,747 | 21,189 | 31,199 | 44,032 | 51,832 | 68,000 |
| Horseheads | 19,795 | 25,646 | 34,963 | 46,827 | 59,321 | 76,623 |
| Veteran | 20,522 | 26,330 | 29,968 | 50,972 | 57,926 | 73,510 |
| Counties of: | | | | | | |
| Chemung | 25,329 | 23,457 | 31,379 | 43,994 | 55,246 | 68,737 |
| Schuyler | 24,173 | 22,123 | 31,171 | 41,441 | 54,322 | 68,400 |
| State of: | | | | | | |
| New York | 23,389 | 30,948 | 43,208 | 51,691 | 67,405 | 92,731 |

Note: 2018-2022 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2017-2021 American Community Survey data.

**Larger Employers**

Larger employers located within or nearby the School District where residents find employment are as follows:

| Name | Type | Approximate Number of Employees |
|---|---|---|
| Horseheads Central School District | School | 795 |
| Jabil (Synthes) | Manufacturing | 425 |
| Navient (General Revenue) | Collection Agency | 221 |
| Hardinge, Inc. | Manufacturing | 352 |
| Elcor Health Services | Nursing Care Facility | 250 |
| Air-Flo Manufacturing | Manufacturing | 172 |
| Eaton | Manufacturing | 260 |
| Corning Inc. (Big Flats Plant) | Manufacturing | 185 |
| Cameron Manufacturing | Manufacturing | 175 |
| DeMet's Candy Company | Wholesaler | 164 |
| Salient Corporation | Computer Software | 157 |
| Bucher Emhart Glass | Manufacturing | 110 |
| Southern Tier Logistics | Warehousing | 97 |

Source: School District officials via STEG.

**Unemployment Rate Statistics**

Unemployment statistics are not available for the School District as such. The smallest areas for which such statistics are available which includes the School District are Chemung and Schuyler Counties. The information set forth below with respect to the Counties is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the School District is necessarily representative of the Counties, or vice versa.

**Annual Average**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|
| Chemung County | 5.9% | 5.8% | 5.5% | 4.6% | 4.0% | 8.4% | 5.3% | 3.7% |
| Schuyler County | 6.7% | 6.1% | 5.8% | 5.1% | 4.4% | 8.3% | 4.9% | 3.7% |
| New York State | 5.2% | 4.9% | 4.6% | 4.1% | 3.9% | 9.8% | 7.0% | 4.3% |

**2022-23 Monthly Figures**

| | 2022 | | | | | | | 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May |
| Chemung County | 3.6% | 3.9% | 4.0% | 3.4% | 3.1% | 3.4% | 3.5% | 4.4% | 4.2% | 3.7% | 2.9% | N/A |
| Schuyler County | 3.2% | 3.2% | 3.2% | 2.7% | 2.6% | 3.4% | 3.9% | 5.5% | 5.1% | 4.5% | 3.2% | N/A |
| New York State | 4.1% | 4.3% | 4.2% | 3.6% | 3.7% | 3.8% | 3.8% | 4.6% | 4.5% | 4.0% | N/A | N/A |

Note: Unemployment rates for the month of May 2023 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 nine members with overlapping three-year terms so that as nearly as possible an equal number is elected to the Board each year. Each Board member must be a qualified voter of the School District and no Board member may hold certain other School District offices or positions while serving on the Board of Education. The President and the Vice President are elected by the Board members.

**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 deposits or certificates of deposits in 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 and bond anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State 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 either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) 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 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 and Recent Budget Votes**

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the School District for the ensuing fiscal year (tentative budget) and distributes that statement not less than seven days prior to the date on which the annual school election is conducted, at which the tentative budget is voted upon. Notice of the annual election is published as required by statute with a first publication not less than forty-five days prior to the day of election.

State Law precludes the School District from incurring any liability in excess of the amount approved by the voters at such school district meeting unless otherwise authorized to do so by law. Such legislation provides that existing provisions of the Education Law authorizing boards of education of certain school districts to levy and collect a tax, and to expend same, for ordinary and contingent expenses of such school districts and for teachers' salaries, if the voters fail to vote a sum for same, is applicable to such city school districts, including the School District.

Pursuant to Chapter 97 of the Laws of 2011 (“Chapter 97”), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the “Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the Tax Cap also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, See “TAX LEVY LIMITATION LAW” herein.

*Recent Budget Vote Results*

The budget for the 2022-23 fiscal year was approved by the qualified voters on May 17, 2022 by a vote of 705 yes to 313 no. The School District's adopted budget included a total tax levy increase of 2.97%, which was equal to the School District's maximum allowable Tax Cap of 2.97% for the 2022-23 fiscal year.

The budget for the 2023-24 fiscal year was approved by the qualified voters on May 16, 2023 by a vote of 1,038 yes to 611 no. The School District's adopted budget included a total tax levy increase of 4.66%, which was equal to the School District's maximum allowable Tax Cap of 4.66% for the 2023-24 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 2023-24 fiscal year, approximately 47.6% 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").

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

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

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

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

Since March 2020, the State has been awarded over $14 billion in Federal education COVID response funding through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act; Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSA"); and the American Rescue Plan ("ARP") Act. These funds are supporting the ability of local educational agencies to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in the State. The District has been allocated a total of approximately $3,528,912 in ARP funds and $4,266,001 in CRRSA funds. As of June 30, 2022, the District has received its allocation of ARP and CRRSA funds in full.

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.

*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 2023-24 preliminary building aid ratios, the District expects to receive State building aid of approximately 81.6% 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 (2019-2020):* The State 2019-2020 Enacted Budget included a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6% and will provide additional funding for Foundation Aid of $338.0 million and $409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by $49.99 million to a total of $250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increased the minimum community schools funding amount from $75,000 to $100,000. This ensured all high-need districts across the State could apply the funds to a wide-range of activities.

*School district fiscal year (2020-2021):* Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency

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

*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 includes $34.5 billion for school aid, an increase of $3.1 billion or 10%, which is the highest level of State aid to date. The States 2023-24 Budget also provides 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 provides $134 million to increase access to free school meals. An additional $20 million in grant funding will 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.

*State Aid Litigation*

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

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

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *Campaign for Fiscal Equity* case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the Campaign for Fiscal Equity cases, and 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 budget and enacted this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

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

**State Aid Revenues**

The following table illustrates the percentage of total General Fund revenues of the District for each of the last five completed fiscal years and the budgeted figures for the 2022-23 and 2023-24 fiscal years comprised of State aid.

| Fiscal Year | Total Revenues | Total State Aid | Percentage of Total Revenues Consisting of State Aid |
|---|---|---|---|
| 2017-18 | $ 74,007,935 | $ 32,580,452 | 44.02% |
| 2018-19 | 77,705,440 | 32,875,752 | 42.31 |
| 2019-20 | 76,940,760 | 33,741,043 | 43.85 |
| 2020-21 | 81,112,104 | 35,431,179 | 43.68 |
| 2021-22 | 83,686,889 | 39,154,170 | 46.79 |
| 2022-23 (Budgeted) | 86,870,343 (1) | 41,303,551 | 47.55 |
| 2022-23 (Budgeted) | 91,934,522 (2) | 43,791,327 | 47.63 |

(1) Does not include $1,600,200 of appropriated fund balance or use of reserves.
(2) Does not include $1,950,200 of appropriated fund balance or use of reserves.

Source: 2017-18 through and including the 2021-2022 audited financial statements of the District and 2022-23 and 2023-24 adopted budgets (unaudited) of the District. This table is not audited.

**District Facilities**

| Name | Grades | Capacity | Year(s) Built/Additions |
|---|---|---|---|
| Ridge Road Elementary | Pre-K-4 | 568 | 1956, '60, '99 |
| Center Street Elementary | Pre-K-4 | 538 | 1953, '60, '99 |
| Big Flats Elementary | Pre-K-4 | 588 | 1956, '60,'65, '99 |
| Gardner Road Elementary | Pre-K-4 | 530 | 1965 |
| Intermediate School | 5-6 | 538 | 1968, '01 |
| Middle School | 7-8 | 761 | 1968, '99, '01 |
| High School North Wing | 9-12 | 1,417 | 1953, '56,'63,'68,'87,'99, '01 |
| High School South Wing | 9-12 | | 1967, '87 |

Source: School District officials.

**Enrollment Trends**

| School Year | Actual Enrollment | School Year | Projected Enrollment |
|---|---|---|---|
| 2018-19 | 4,097 | 2023-24 | 3,752 |
| 2019-20 | 4,004 | 2024-25 | 3,752 |
| 2020-21 | 3,806 | 2025-26 | 3,752 |
| 2021-22 | 3,776 | 2026-27 | 3,752 |
| 2022-23 | 3,804 | 2027-28 | 3,752 |

Source: School District officials.

**Employees**

The School District employs a total of approximately 746 full-time employees and 49 part-time employees with representation by various unions as follows:

| Employees Represented | Union Representation | Contract Expiration Date |
|---|---|---|
| 330 | Horseheads Teacher's Association (HTA) | June 30, 2023(1) |
| 12 | Horseheads Association of Administrators (ADM) | June 30, 2024 |
| 81 | Horseheads Transportation (HHTCSEAU) | June 30, 2025 |
| 7 | Bus Mechanics (BUSMECH) | June 30, 2027 |
| 107 | Horseheads School Services Association (SSERVICE) | June 30, 2023(1) |
| 90 | Horseheads Custodial/Maintenance-Food Service-School Monitors, CSEA (HHCMFSMU) | June 30, 2024 |
| 55 | Support Staff Association (SUPPORT) | June 30, 2027 |
| 9 | NYS Nurses' Association (NYSNA) | June 30, 2026 |
| 34 | Horseheads School Secretaries, CSEA (HHSU) | June 30, 2027 |
| 17 | Exempt | June 30, 2024 |
| 5 | Confidential Exempt Clerical | June 30, 2027 |

(1) Currently under negotiation.

Source: School 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 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 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, a new Tier VI pension program was signed into law, 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%, 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 School District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2023-24 fiscal year are as follows:

| Fiscal Year | TRS | ERS |
|---|---|---|
| 2018-19 | $ 2,742,934 | $ 887,140 |
| 2019-20 | 2,337,449 | 848,834 |
| 2020-21 | 2,561,055 | 921,848 |
| 2021-22 | 2,727,180 | 1,122,453 |
| 2022-23 | 2,947,826 | 1,004,367 |
| 2023-24 (Budgeted) | 3,129,565 | 1,318,295 |

Source: School District officials.

The annual required ERS pension contribution is annually on February 1 with the ability to pre-pay on December 15 at a discount. The School District pre-pays this cost annually. Although permitted by recently enacted laws, the School 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 does not currently offer any early retirement incentive programs for its employees.

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

A chart of average ERS and TRS employer contribution rates as a percent of payroll (2017-18 to 2023-24) is shown below:

| Fiscal Year | ERS | TRS |
|---|---|---|
| 2017-18 | 15.3% | 9.80% |
| 2018-19 | 14.9 | 10.62 |
| 2019-20 | 14.6 | 8.86 |
| 2020-21 | 14.6 | 9.53 |
| 2021-22 | 16.2 | 9.80 |
| 2022-23 | 11.6 | 10.29 |
| 2023-24 | 13.1 | 9.76* |

* Estimated. The TRS Retirement Board is expected to adopt the final 2023-24 employer contribution rate at its July 26, 2023 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 the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that 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. As of June 20, 2022, the School District has established a TRS reserve fund which currently has a fund balance of approximately $200,182.

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. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District has contracted with an BPAS Healthcare Consulting Services, an actuarial firm, to calculate its actuarial valuation under GASB 75. The table on the following page outlines the changes to the Total OPEB Liability during the 2020-21 and 2021-22 fiscal years, by source.

| | | |
|---|---|---|
| Balance beginning at: | July 1, 2020 | July 1, 2021 |
| | $ 216,677,684 | $ 217,919,774 |
| Changes for the year: | | |
| Service cost | 7,522,774 | 7,687,990 |
| Interest on total OPEB liability | 5,488,604 | 5,253,306 |
| Changes in Benefit Terms | (12,110,579) | - |
| Differences between expected and actual experience | (201,987) | 8,553,749 |
| Changes in Assumptions or other inputs | 6,314,873 | (9,491,026) |
| Benefit payments | (5,771,595) | (5,476,717) |
| Net Changes | $ 1,242,090 | $ 6,527,302 |
| Balance ending at: | June 30, 2021 | June 30, 2022 |
| | $ 217,919,774 | $ 224,447,076 |

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

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

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

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

**Financial Statements**

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2022 and is attached hereto as "APPENDIX – D". In addition, 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. Certain summary 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 Districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

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

**New York State Comptroller Reports of Examination**

The Office of the New York State Comptroller ("OSC"), i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the School 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.

OSC released an audit report of the School District dated August 19, 2016. The purpose of the audit was to examine the School District's financial condition for the period July 1, 2012 through March 10, 2016. Key findings and recommendations of OSC are outlined below:

Key Findings
- Because School District officials significantly overestimated appropriations, it appeared that the School District needed to both increase its tax levy and use fund balance to close projected budget gaps.
- By not using the appropriated fund balance from the prior year, the School District's unrestricted fund balance significantly exceeded the statutory limit for the last three completed fiscal years.
- School District officials did not use any of the available money in the debt service fund to reduce debt service expenditures of approximately $2.5 million per year.

Key Recommendations
- Adopt budgets that represent the School District's actual needs and discontinue the practice of adopting general fund budgets that result in the appropriation of fund balance and reserve funds that will not be used.
- Reduce the amount of unrestricted fund balance and use the excess funds in a manner that benefits School District residents.
- Use money in the debt service fund to make debt payments as appropriate.

A copy of the complete report and the School District's response can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

OSC released a follow-up review of the School District dated October 15, 2021. The purpose of the review was to assess the District's progress, as of June 2021, in implementing the recommendations within the audit report released on August 19, 2016. OSC revisited the District in June 2021 to review the progress in implementing their recommendations. The follow-up review was limited to interviews with District personnel and inspection of certain documents related to the issues identified in our report. Based on OSC's limited procedures, it appears that the District has made progress implementing corrective action. Of the eight audit recommendations, two recommendations were implemented, five recommendations were partially implemented, and one recommendation was not implemented.

OSC released an audit report of the School District dated August 30, 2018. This audit presented findings for the School District, one of seven school districts audited in a Statewide report entitled School District Bus Safety.

A copy of the complete report and the School District's response can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

OSC released its most recent audit report of the School District dated November 12, 2021. The purpose of the audit was to determine whether District officials ensured network access controls were secure.

A copy of the complete report and the School District's response 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 other OSC audits of the District 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, nor incorporation herein by reference.

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

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

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

The reports of the State Comptroller for the 2017-18 through 2021-22 fiscal years for the District are as follows:

| Fiscal Year Ending In | Stress Designation | Fiscal Score |
|---|---|---|
| 2022 | No Designation | 20.0 |
| 2021 | No Designation | 10.0 |
| 2020 | No Designation | 0.0 |
| 2019 | No Designation | 6.7 |
| 2018 | No Designation | 3.3 |

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, nor incorporation herein by reference.

**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 compliance 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.

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

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

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

## TAX INFORMATION

### Taxable Valuations

Taxable Assessed Valuations

| Fiscal Year Ending June 30: | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Towns of: | | | | | |
| Baldwin | $ 2,894 | $ 2,886 | $ 2,879 | $ 2,877 | $ 2,876 |
| Big Flats | 690,530,881 | 714,950,802 | 734,511,473 | 811,923,350 | 834,621,613 |
| Catlin | 104,603,874 | 105,456,041 | 106,739,803 | 107,595,012 | 109,551,142 |
| Cayuta | 5,418,781 | 5,417,593 | 5,403,083 | 5,360,843 | 5,382,429 |
| Erin | 54,840,051 | 54,354,569 | 54,023,488 | 54,615,586 | 55,385,310 |
| Horseheads | 937,088,129 | 982,060,293 | 982,086,031 | 1,005,242,519 | 1,249,100,406 (1) |
| Veteran | 217,371,888 | 218,346,641 | 219,884,061 | 222,967,540 | 224,882,556 |
| Total Assessed Values | $ 2,009,856,498 | $ 2,080,588,825 | $ 2,102,650,818 | $ 2,207,707,727 | $ 2,478,926,332 |

State Equalization Rates

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Towns of: | | | | | |
| Baldwin | 1.63% | 1.50% | 1.50% | 1.50% | 1.42% |
| Big Flats | 100.00% | 100.00% | 96.50% | 100.00% | 91.71% |
| Catlin | 100.00% | 99.00% | 98.00% | 98.00% | 89.00% |
| Cayuta | 100.00% | 100.00% | 100.00% | 94.00% | 86.00% |
| Erin | 74.00% | 74.00% | 74.00% | 72.60% | 66.00% |
| Horseheads | 95.00% | 95.00% | 91.00% | 90.00% | 100.00% (1) |
| Veteran | 100.00% | 100.00% | 100.00% | 100.00% | 97.00% |
| Total Taxable Full Valuation | $ 2,078,619,704 | $ 2,152,628,487 | $ 2,247,769,161 | $ 2,342,740,755 | $ 2,604,473,665 |

(1) Significant change from prior year due to town-wide revaluation.

Source: District officials.

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

| Fiscal Year Ending June 30: | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Towns of: | | | | | |
| Baldwin | $ 1,103.01 | $ 1,202.62 | $ 1,199.96 | $ 1,154.55 | $ 1,129.43 |
| Big Flats | 17.98 | 18.04 | 18.65 | 17.32 | 17.49 |
| Catlin | 17.98 | 18.22 | 18.37 | 17.67 | 18.02 |
| Cayuta | 17.98 | 18.04 | 18.00 | 18.42 | 18.65 |
| Erin | 24.30 | 24.38 | 24.32 | 23.85 | 24.30 |
| Horseheads | 18.93 | 18.99 | 19.78 | 19.24 | 16.04 (1) |
| Veteran | 17.98 | 18.04 | 18.00 | 17.32 | 16.53 |

(1) Significant change from prior year due to town-wide revaluation.

Source: District officials.

### Tax Collection Procedure

School District taxes are collected by the School Tax Collector and are payable during the month of September without penalty. Taxes paid in October are subject to a 2% penalty. In November, a list of all unpaid taxes is given to the County Treasurers for relevy on County/Town tax rolls. The School District is reimbursed by the Counties for all unpaid taxes the first week in April of each year and is thus assured of 100% collection of its annual levy.

**Tax Levy and Collection Record**

| Fiscal Year Ending June 30: | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Total Tax Levy | $ 37,374,963 | $ 38,858,749 | $ 40,792,807 | $ 40,576,771 | $ 41,781,717 |
| Amt Returned to the County (1) | 1,294,953 | 1,422,160 | 1,762,823 | 1,343,805 | 1,632,078 |
| % Uncollected | 3.46% | 3.66% | 4.32% | 3.31% | 3.91% |

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

Source: District officials.

**Real Property Tax Revenues**

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years and the budgeted figures for the 2022-23 and 2023-24 fiscal years comprised of Real Property Taxes.

| Fiscal Year | Total Revenues | Total Real Property Taxes and Tax Items | Percentage of Total Revenues Consisting of Real Property Tax |
|---|---|---|---|
| 2017-18 | $ 74,007,935 | $ 37,421,025 | 50.56% |
| 2018-19 | 77,705,440 | 38,450,246 | 49.48 |
| 2019-20 | 76,940,760 | 39,932,646 | 51.90 |
| 2020-21 | 81,112,104 | 41,859,477 | 51.61 |
| 2021-22 | 83,686,889 | 41,151,324 | 49.17 |
| 2022-23 (Budgeted) | 86,870,343 (1) | 42,376,077 | 48.78 |
| 2022-23 (Budgeted) | 91,934,522 (2) | 44,388,209 | 48.28 |

(1) Does not include $1,600,200 of appropriated fund balance or use of reserves.
(2) Does not include $1,950,200 of appropriated fund balance or use of reserves.

Source: 2017-18 through and including the 2021-2022 audited financial statements of the District and 2022-23 and 2023-24 adopted budgets (unaudited) of the District. This table is not audited.

**Ten Largest Taxpayers - 2022 Assessment Roll for 2022-23 District Tax Roll**

| Name | Type | Taxable Assessed Valuation |
|---|---|---|
| NYSEG | Utility | $ 68,031,037 |
| G&I IX Empire Big Flats LLC | Shopping Center | 56,343,350 |
| Arnot Realty Corp. | Rental | 52,801,900 |
| Dominion Transmission Inc. | Utility | 50,375,943 |
| Schlumberger Technology Corp | Manufacturing | 16,312,400 |
| L Enterprises LLC | Commercial | 16,143,200 |
| DeMets's Candy Company LLC | Manufacturing | 11,018,100 |
| Westco Corning LLC | Commercial | 14,000,000 |
| Greenridge Apartments LLC | Rental | 19,287,400 |
| Wal Mart Real Estate | Shopping Center | 12,900,000 |

The ten larger taxpayers listed above have a total taxable assessed valuation of $317,213,330, which represents 12.8% of the tax base of the School District.

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

Source: School District officials.

**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.

STAR – School Tax Exemption. The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. 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 $90,550 or less in 2021-22 and $92,000 or less in 2022-2023, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $70,700 for the 2021-22 school year and $74,900 for the 2022-23 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are 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 received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of $250,000 or less have the option to select the credit or the exemption.

The 2020-21 Enacted State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent. While former Governor Cuomo had issued various Executive Orders in response to COVID-19 pandemic that temporarily precluded the State Tax Department from disallowing STAR exemptions or credits, the most recent of such Executive Orders expired on July 5, 2021.

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

The below table lists the basic and enhanced exemption amounts for the 2023-24 District tax roll for the municipalities applicable to the District:

| Town of: | Enhanced Exemption | Basic Exemption | Date Certified |
|---|---|---|---|
| Baldwin | $ 1,160 | $ 430 | 4/6/2023 |
| Big Flats | 74,650 | 27,510 | 4/6/2023 |
| Catlin | 81,400 | 30,000 | 4/6/2023 |
| Cayuta | 70,000 | 25,800 | 4/6/2023 |
| Erin | 53,720 | 19,800 | 4/6/2023 |
| Horseheads | 81,400 | 30,000 | 4/6/2023 |
| Veteran | 78,960 | 29,100 | 4/6/2023 |

$4,045,296 of the District's $40,576,771 school tax levy for the 2021-22 fiscal year was exempt by the STAR Program. The District received all of such exempt taxes from the State in March 2022.

$3,748,569 of the District's $47,781,717 school tax levy for the 2022-23 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2023.

**Additional Tax Information**

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

Senior Citizens' exemptions are offered to those who qualify. Disability exemptions are also offered to those who qualify.

Total assessed valuation of the School District is estimated to be categorized as follows: Residential-72%; Commercial-17%; Agricultural-1%; and Other-10%.

The estimated total annual property tax bill of a $60,000 market value residential property located in the School District is approximately $2,097 including County, Town, Village, School District and Fire District taxes.

## TAX LEVY LIMITATION LAW

Chapter 97 of the Laws of 2011 was enacted on June 24, 2011 ("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 Bonds.

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

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

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the School District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the School District and the Notes, include the following:

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

The School District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the 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. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its Notes.

### Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the School 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.

Debt Limit. The School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional method for determining average full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services.

The School 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.

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

The Board of Education, as the finance board of the School 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 School District, pursuant to the Local Finance Law.

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

**Debt Outstanding End of Fiscal Year**

| Fiscal Years Ending June 30: | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Bonds | $ 9,620,000 | $ 8,730,000 | $ 6,225,000 | $ 6,940,000 | $ 4,710,000 |
| Bond Anticipation Notes | 15,000,000 | 27,000,000 | 63,056,000 | 82,327,859 | 79,680,637 |
| Total Debt Outstanding | $ 24,620,000 | $ 35,730,000 | $ 69,281,000 | $ 89,267,859 | $ 84,390,637 |

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of May 24, 2023.

| Type of Indebtedness | Maturity | | Amount |
|---|---|---|---|
| Bonds | 2023-2026 | | $ 5,015,000 |
| Bond Anticipation Notes | | | |
| Capital project | June 23, 2022 | | 79,680,637 (1) |
| | | Total Indebtedness | $ 84,695,637 |

(1) To be redeemed and partially renewed at maturity with the proceeds of the Notes and $3,195,000 available funds of the District.

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**Debt Statement Summary**

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 24, 2023:

| | | | |
|---|---|---|---|
| Full Valuation of Taxable Real Property | | | $ 2,604,473,665 |
| Debt Limit 10% thereof | | | 260,447,367 |
| Inclusions: | | | |
| Bonds | $ 5,015,000 | | |
| Bond Anticipation Notes | 79,680,637 | | |
| Total Inclusions | | $ 84,695,637 | |
| Exclusions: | | | |
| State Building Aid [1] | $ 0 | | |
| Total Exclusions | | $ 0 | |
| Total Net Indebtedness | | | $ 84,695,637 |
| Net Debt-Contracting Margin | | | $ 175,751,730 |
| The percent of debt contracting power exhausted is | | | 32.52% |

(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 2023-24 Building Aid Ratios, the School District anticipates State building aid of 81.6% 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.

Note: The issuance of the Notes will decrease the total net-indebtedness of the District by $3,195,000.

**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, historically, does not issue Tax or Revenue Anticipation Notes, nor budget or deficiency notes, and does not have plans to issue any in the foreseeable future.

**Capital Project Plans**

On October 17, 2017, qualified voters of the District approved (1,350 yes, 589 no) a $94.6 million capital improvement project to upgrade and renovate the School District's physical infrastructure. Major components of the project focus directly on education, such as upgrades to classrooms, security, and technology. Additionally, the project also includes the replacement of items that succumb to normal wear and tear, such as roofs, parking lots, and mechanical systems that are no longer warrantied or are at the end of their useful life. The School District will use State Building Aid, retired debt, and money from the Capital Reserve Fund to minimize the local impact. The School District anticipates a minimal increase in the annual tax levy of no more than 1.87%. The School District began construction in Spring/Summer 2018 with substantial completion in Summer 2022. To date the School District has issued $84,685,637 bond anticipation notes pursuant to this authorization, of which $79,680,637 are outstanding and will be renewed at maturity with the current issuance of the Notes through June 2024.

On December 7, 2021, qualified voters of the District approved (621 yes, 410 no) a $122.2 million capital improvement project, which is the second of a possible three-phase capital improvement plan to bring improvements to all District facilities. This project will bring additions and improvements to Big Flats, Gardner Road, and Ridge Road elementary schools as the District phases out use of Center Street for students. Through this project, the District will redraw attendance zones so that enrollment across elementary schools is more consistent, and improve boundary lines so that students attend the elementary school closest to their home when possible. The project also includes the renovation of gymnasiums across the District, as well as the addition of locker rooms and music storage at the multi-purpose stadium at the High School. Additionally, this project will address the environmental climate at our schools, preparing them for updated heating, ventilating, and cooling controls. The project will be primarily paid for through State Building Aid, with the balance of the cost funded through existing District resources and money from the Capital Reserve Fund to minimize the local share. The District anticipates its first borrowing pursuant to this authorization later in 2023.

On May 16, 2023, qualified voters of the District approved a proposition for the purchase of six full size school buses and one wheelchair compatible bus and one small Type A school bus at a cost not to exceed $1.6 million. The District plans to issue serial bonds in the 2023-24 fiscal year to finance the purchase.

There are no other capital projects authorized and unissued by the School District at this time.

**Estimated Overlapping Indebtedness**

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

| Municipality | Status of Debt as of | Gross Indebtedness [1] | Exclusions [2] | Net Indebtedness | District Share | Applicable Indebtedness |
|---|---|---|---|---|---|---|
| Counties of: | | | | | | |
| Chemung | 12/31/2021 | $ 54,876,784 | $ 1,189,371 | $ 53,687,413 | 47.06% | $ 25,265,297 |
| Schuyler | 12/31/2021 | 1,861,077 | 36,077 | 1,825,000 | 0.36% | 6,570 |
| Towns of: | | | | | | |
| Baldwin | 12/31/2021 | - | - | - | 0.37% | - |
| Big Flats | 12/31/2021 | 1,930,000 | 260,000 | 1,670,000 | 89.21% | 1,489,807 |
| Catlin | 12/31/2021 | 718,365 | 546,365 | 172,000 | 63.74% | 109,633 |
| Cayuta | 12/31/2021 | - | - | - | 14.54% | - |
| Erin | 12/31/2021 | 205,000 | - | 205,000 | 63.47% | 130,114 |
| Horseheads | 12/31/2021 | 321,576 | 321,576 | - | 82.13% | - |
| Veteran | 12/31/2021 | 189,439 | - | 189,439 | 89.33% | 169,226 |
| Villages of: | | | | | | |
| Horseheads | 5/31/2022 | - | - | - | 100.00% | - |
| Millport | 5/31/2022 | - | - | - | 100.00% | - |
| | | | | | Total: | $ 27,170,646 |

[1] Bonds and bond anticipation notes. Not adjusted to include subsequent bond sales, if any.

[2] Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Source: Most recent available State Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2021 for the counties and towns and 2022 for the villages listed above.

**Debt Ratios**

The following table sets forth certain ratios relating to the District's indebtedness as of May 24, 2023:

| | Amount | Per Capita [(a)] | Percentage of Full Value [(b)] |
|---|---|---|---|
| Net Indebtedness [(c)] | $ 84,695,637 | $ 3,117.36 | 3.25% |
| Net Indebtedness Plus Net Overlapping Indebtedness [(d)] | 111,866,283 | 4,117.42 | 4.30 |

(a) The 2021 estimated population of the School District is 27,169. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The School District's full value of taxable real estate for the District's 2022-23 tax roll is $2,604,473,665. (See "TAX INFORMATION" herein.)
(c) See "Debt Statement Summary" herein.
(d) Estimated net overlapping indebtedness is $27,170,646. (See "Estimated Overlapping Indebtedness" herein.)

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

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

**General Municipal Law Contract Creditors' Provision.** The Notes when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any 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 School District may not be enforced by levy and execution against property owned by the School District.

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization 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 School District indebtedness is past due. The School District has never defaulted in the payment of the principal of and interest on any indebtedness.

## MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the 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 risk.

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

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

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

Current and future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the 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.

**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. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District carries insurance with coverage for cyber incidents or attacks and invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The 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 substantial.

**COVID-19**

The COVID-19 outbreak spread globally, including to the United States, and was declared a pandemic by the World Health Organization. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the State took steps designed to mitigate the spread and impacts of COVID-19. The state of emergency declaration has since lapsed in the State. The outbreak of the disease affected travel, commerce and financial markets globally and could continue to affect economic growth worldwide. Efforts to contain the spread of COVID-19 have reduced the spread of the virus and the restrictions put in place following the initial outbreak have been relaxed, and the coronavirus public health emergency expired on May 11, 2023. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State government to address it may negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State and the School District’s operations and financial condition may not be known for some time. Any resurgence of COVID-19 or similar variants could have a material adverse effect on the State and municipalities and school districts located in the State, including the School District. The School District continues to monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

## 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, for tax years beginning after December 31, 2022, 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. See “APPENDIX E – Form of Bond Counsel’s Opinion - Notes

*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 Bond 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 NOT be designated or deemed 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, for tax years beginning after December 31, 2022, 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 District is subject to a number of lawsuits in the ordinary conduct of its affairs. The District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the 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, a description of which is attached hereto as "APPENDIX – C".

**Historical Continuing Disclosure Compliance**

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.

## 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

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.

## RATINGS

The Notes are NOT rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale pending the approval by the School District and at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's continuing disclosure undertakings. (See "APPENDIX – C, MATERIAL EVENT NOTICES" herein.)

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its rating of "A+" with a Stable outlook to the District's outstanding general obligation bonds. This rating reflects only the view of S&P and an explanation of the significance of such rating may be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

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 and the Notes.

## 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 District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

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

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

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

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

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 School District will act as Paying Agent for the Notes. The School District contact information is as follows: Ms. Katy Buzzetti, School Business Administrator, One Raider Lane, Horseheads, New York 14845, Phone: (607) 739-5601, Telefax: (607) 795-2415, email: kbuzzetti@gstboces.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., telephone number (315) 752-0051, or at www.fiscaladvisors.com

**HORSEHEADS CENTRAL SCHOOL DISTRICT**

**Dated: May 24, 2023**

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

## GENERAL FUND

### Balance Sheets

| Fiscal Year Ending June 30: | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and Cash Equivalents | $ 17,003,303 | $ 17,054,360 | $ 18,162,063 | $ 19,834,301 | $ 10,362,952 |
| State and Federal Aid Receivable | - | - | - | - | - |
| Due From Other Governments | - | - | - | - | - |
| Receivables | 3,196,879 | 4,821,695 | 2,916,805 | 4,803,245 | 7,687,480 |
| Prepaid Items | - | 4,728 | - | 735 | 3,061 |
| Due From Other Funds | 1,633,621 | 1,023,387 | 903,783 | 1,397,701 | 988,041 |
| TOTAL ASSETS | $ 21,833,803 | $ 22,904,170 | $ 21,982,651 | $ 26,035,982 | $ 19,041,534 |
| LIABILITIES AND FUND EQUITY | | | | | |
| Accounts Payable | $ 337,548 | $ 225,774 | $ 249,552 | $ 312,839 | $ 145,515 |
| Accrued Liabilities | 878,273 | 2,496,913 | 1,577,639 | 1,596,818 | 1,690,247 |
| Due to Other Funds | 1,707 | 7,933 | 2,778 | 28,686 | 26,740 |
| Due to Other Governments | - | - | 45,006 | 45,006 | 62,025 |
| Due to Teachers' Retirement System | 2,610,358 | 2,922,602 | 2,541,115 | 2,792,591 | 2,966,685 |
| Due to Employees' Retirement System | 221,785 | 212,207 | 254,989 | 315,571 | 259,451 |
| Compensated Absences | 119,644 | 85,388 | 146,191 | 167,763 | 156,249 |
| Other Liabilities | - | - | 29 | 84,670 | 102,319 |
| Unearned Revenue | 204 | - | - | 929 | - |
| TOTAL LIABILITIES | 4,169,519 | 5,950,817 | 4,817,299 | 5,344,873 | 5,409,231 |
| DEFERRED INFLOWS | | | | | |
| Deferred inflows of resources | - | - | - | - | 471,259 |
| FUND EQUITY | | | | | |
| Nonspendable | $ - | $ 4,728 | $ - | $ 735 | $ 3,061 |
| Restricted | 12,375,281 | 11,716,393 | 11,756,078 | 15,609,577 | 8,397,495 |
| Committed | - | - | - | - | - |
| Assigned | 2,208,368 | 2,077,922 | 2,124,080 | 1,655,087 | 1,221,669 |
| Unassigned | 3,080,635 | 3,154,310 | 3,285,194 | 3,425,710 | 3,538,819 |
| TOTAL FUND EQUITY | 17,664,284 | 16,953,353 | 17,165,352 | 20,691,109 | 13,161,044 |
| TOTAL LIABILITIES and FUND EQUITY | $ 21,833,803 | $ 22,904,170 | $ 21,982,651 | $ 26,035,982 | $ 19,041,534 |

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

## GENERAL FUND

### Revenues, Expenditures and Changes in Fund Balance

| Fiscal Years Ending June 30: | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Real Property Taxes & Tax Items | $ 37,421,025 | $ 38,450,246 | $ 39,932,646 | $ 41,859,477 | $ 41,151,324 |
| Charges for Services | 565,555 | 603,297 | 451,595 | 339,936 | 354,288 |
| Use of Money & Property | 241,316 | 351,344 | 272,604 | 106,169 | 112,559 |
| Sale of Property and Compensation for Loss | 1,289,330 | 2,805,377 | 745,450 | 508,044 | 64,020 |
| Miscellaneous | 1,480,108 | 1,784,046 | 1,589,162 | 1,510,298 | 1,628,832 |
| Revenues from State Sources | 32,580,452 | 32,875,752 | 33,741,043 | 35,431,179 | 39,154,170 |
| Revenue from Federal Sources | 312,427 | 194,427 | 208,260 | 671,390 | 252,405 |
| Total Revenues | $ 73,890,213 | $ 77,064,489 | $ 76,940,760 | $ 80,426,493 | $ 82,717,598 |
| Other Sources: | | | | | |
| Interfund Transfers | 117,722 | 640,951 | - | 685,611 | 969,291 |
| Total Revenues and Other Sources | $ 74,007,935 | $ 77,705,440 | $ 76,940,760 | $ 81,112,104 | $ 83,686,889 |
| EXPENDITURES | | | | | |
| General Support | $ 8,924,880 | $ 8,958,662 | $ 9,434,261 | $ 9,271,959 | $ 10,475,359 |
| Instruction | 36,316,799 | 37,226,050 | 37,840,147 | 38,539,756 | 38,321,160 |
| Pupil Transportation | 2,602,427 | 2,830,190 | 2,680,097 | 2,916,763 | 3,998,659 |
| Community Services | - | - | - | - | - |
| Employee Benefits | 20,639,598 | 24,687,740 | 21,909,259 | 20,756,231 | 20,734,364 |
| Debt Service | 2,494,344 | 2,833,689 | 3,601,744 | 4,767,689 | 5,965,499 |
| Total Expenditures | $ 70,978,048 | $ 76,536,331 | $ 75,465,508 | $ 76,252,398 | $ 79,495,041 |
| Other Uses: | | | | | |
| Interfund Transfers | 11,279,578 (1) | 1,880,040 | 1,263,253 | 1,333,949 | 11,721,913 (2) |
| Total Expenditures and Other Uses | $ 82,257,626 | $ 78,416,371 | $ 76,728,761 | $ 77,586,347 | $ 91,216,954 |
| Excess (Deficit) Revenues Over Expenditures | (8,249,691) | (710,931) | 211,999 | 3,525,757 | (7,530,065) |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 25,913,975 | 17,664,284 | 16,953,353 | 17,165,352 | 20,691,109 |
| Prior Period Adjustments (net) | - | - | - | - | - |
| Fund Balance - End of Year | $ 17,664,284 | $ 16,953,353 | $ 17,165,352 | $ 20,691,109 | $ 13,161,044 |

(1) Includes $11,000,000 transfer from General Fund to Capital Reserve Fund.
(2) Includes $10,000,000 transfer from General Fund to Capital Reserve Fund.

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

**GENERAL FUND**

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

| Fiscal Years Ending June 30: | 2022 | | | 2023 | 2024 |
|---|---|---|---|---|---|
| | Adopted Budget | Modified Budget | Actual | Adopted Budget | Adopted Budget |
| REVENUES | | | | | |
| Real Property Taxes and Tax Items | $ 41,160,949 | $ 41,160,949 | $ 41,151,324 | $ 42,376,077 | $ 44,388,209 |
| Charges for Services | 340,880 | 340,880 | 354,288 | - | - |
| Use of Money & Property | 180,000 | 180,000 | 112,559 | - | - |
| Sale of Property and Compensation for Loss | 550,000 | 550,000 | 64,020 | - | - |
| Miscellaneous | 1,230,000 | 1,246,214 | 1,628,832 | 2,560,715 | 3,054,986 |
| Revenues from State Sources | 39,527,795 | 39,527,795 | 39,154,170 | 41,303,551 | 43,791,327 |
| Revenues from Federal Sources | 150,000 | 150,000 | 252,405 | - | - |
| Total Revenues | $ 83,139,624 | $ 83,155,838 | $ 82,717,598 | $ 86,240,343 | $ 91,234,522 |
| Other Sources: | | | | | |
| Interfund Transfers | 902,919 | 902,919 | 969,291 | 630,000 | 700,000 |
| Total Revenues and Other Sources | $ 84,042,543 | $ 84,058,757 | $ 83,686,889 | $ 86,870,343 | $ 91,934,522 |
| EXPENDITURES | | | | | |
| General Support | $ 10,808,745 | $ 11,127,367 | $ 10,475,359 | $ 9,143,704 | $ 11,567,431 |
| Instruction | 42,032,138 | 40,973,441 | 38,321,160 | 44,641,556 | 44,641,865 |
| Pupil Transportation | 3,563,329 | 4,059,298 | 3,998,659 | 3,975,613 | 4,496,353 |
| Community Services | - | - | - | - | - |
| Employee Benefits | 22,592,655 | 22,439,805 | 20,734,364 | 22,736,904 | 23,180,815 |
| Debt Service | 5,379,200 | 5,992,220 | 5,965,499 | 6,420,456 | 8,445,948 |
| Total Expenditures | $ 84,376,067 | $ 84,592,131 | $ 79,495,041 | $ 86,918,233 | $ 92,332,412 |
| Other Uses: | | | | | |
| Interfund Transfers | 1,685,000 | 11,721,913 [1] | 11,721,913 [1] | 1,552,310 | 1,552,310 |
| Total Expenditures and Other Uses | $ 86,061,067 | $ 96,314,044 | $ 91,216,954 | $ 88,470,543 | $ 93,884,722 |
| Excess (Deficit) Revenues Over Expenditures | (2,018,524) | (12,255,287) | (7,530,065) | (1,600,200) | (1,950,200) |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 1,600,200 | 11,836,963 | 20,691,109 | 1,600,200 | 1,950,200 |
| Prior Period Adjustments (net) | 418,324 | 418,324 | - | - | - |
| Fund Balance - End of Year | $ - | $ - | $ 13,161,044 | $ - | $ - |

(1) Includes $10,000,000 transfer from General Fund to Capital Reserve Fund.

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

## BONDED DEBT SERVICE

| Fiscal Year Ending June 30th | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 2,295,000 | $ 127,150 | $ 2,422,150 |
| 2024 | 2,330,000 | 144,200 | 2,474,200 |
| 2025 | 1,075,000 | 76,500 | 1,151,500 |
| 2026 | 785,000 | 44,100 | 829,100 |
| 2027 | 525,000 | 20,400 | 545,400 |
| 2028 | 300,000 | 4,500 | 304,500 |
| TOTALS | $ 7,310,000 | $ 416,850 | $ 7,726,850 |

## CURRENT BONDS OUTSTANDING

| Fiscal Year Ending June 30th | 2016 Capital Project - Refunding of 2008 Bonds | | | 2018 Purchase of Buses | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | $ 1,015,000 | $ 30,450 | $ 1,045,450 | $ 240,000 | $ 9,600 | $ 249,600 |
| 2024 | 1,015,000 | 10,150 | 1,025,150 | - | - | - |
| TOTALS | $ 2,030,000 | $ 40,600 | $ 2,070,600 | $ 240,000 | $ 9,600 | $ 249,600 |

| Fiscal Year Ending June 30th | 2019 Purchase of Buses | | | 2021 Purchase of Buses | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | $ 265,000 | $ 10,700 | $ 275,700 | $ 525,000 | $ 51,900 | $ 576,900 |
| 2024 | 270,000 | 5,400 | 275,700 | 545,000 | 41,400 | 586,400 |
| 2025 | - | - | - | 565,000 | 25,050 | 590,050 |
| 2026 | - | - | - | 270,000 | 8,100 | 278,100 |
| TOTALS | $ 535,000 | $ 16,100 | $ 551,400 | $ 1,905,000 | $ 126,450 | $ 2,031,450 |

| Fiscal Year Ending June 30th | 2022 Purchase of Buses | | | 2023 Purchase of Buses | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | $ 250,000 | $ 24,500 | $ 274,500 | $ - | $ - | $ - |
| 2024 | 240,000 | 28,500 | 268,500 | 260,000 | 58,750 | 318,750 |
| 2025 | 240,000 | 21,300 | 261,300 | 270,000 | 30,150 | 300,150 |
| 2026 | 235,000 | 14,100 | 249,100 | 280,000 | 21,900 | 301,900 |
| 2027 | 235,000 | 7,050 | 242,050 | 290,000 | 13,350 | 303,350 |
| 2028 | - | - | - | 300,000 | 4,500 | 304,500 |
| TOTALS | $ 1,200,000 | $ 95,450 | $ 1,295,450 | $ 1,400,000 | $ 128,650 | $ 1,528,650 |

## 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 Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, the School 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 Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the SEC 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 securities, 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 securities, or other material events affecting the tax status of the Notes

(g) modifications to rights of security holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the securities

(k) rating changes

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

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

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

(o) incurrence of a "financial obligation" (as defined by 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 noteholders, if material; and

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

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

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

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School 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 government authority has assumed jurisdiction over substantially all of the assets or business of the School 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 School District.

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

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 School District, upon receipt of an opinion of Bond Counsel, reserves the right to terminate its obligation to provide the aforedescribed notices of material events, as set forth above, if and when the School District no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the 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 School District's obligations under its material event notices undertaking and any failure by the School District to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

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

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

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# HORSEHEADS CENTRAL SCHOOL DISTRICT
## CHEMUNG COUNTY, NEW YORK

## AUDITED FINANCIAL STATEMENTS

## FISCAL YEAR ENDED JUNE 30, 2022

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

**The District's independent auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The District's independent auditor also has not performed any procedures relating to this Official Statement.**

# HORSEHEADS CENTRAL SCHOOL DISTRICT

## BASIC FINANCIAL STATEMENTS

### For Year Ended June 30, 2022

MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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# INDEPENDENT AUDITORS' REPORT

To the Board of Education
Horseheads Central School District, New York

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Horseheads Central School District, New York, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Horseheads Central School District, New York, as of June 30, 2022, 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 Opinion*

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 Horseheads Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

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



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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 District's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in District's total OPEB liability and related ratio, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4-13 and 50-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Horseheads Central School District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

As described in Note II to the financial statements, the District adopted GASB Statement No. 87, *Leases*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2022 on our consideration of Horseheads Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Horseheads Central School District's internal control over financial reporting and compliance.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
September 12, 2022

**Horseheads Central School District**

**Management's Discussion and Analysis**

**For the Fiscal Year Ended June 30, 2022**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2022. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

## Financial Highlights

At the close of the fiscal year, the total liabilities plus deferred inflows (what the district owes) exceeded its total assets plus deferred outflows (what the district owns) by $107,469,372 (net position) decreasing the deficit net position by $712,030.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of ($35,500,819) a decrease of $12,349,983 in comparison with the prior year.

General revenues which include Real Property Taxes, State and Federal Aid, Investment Earnings, Compensation for Loss, and Miscellaneous accounted for $83,281,849 or 92% of all revenues. Program specific revenues in the form of Charges for services and Operating Grants and Contributions accounted for $7,611,531 or 8% of total revenues.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

*Government-Wide Financial Statements*

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

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

The *statement of activities* presents information showing how the government'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.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

*Fund Financial Statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, Miscellaneous Special Revenue Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the capital projects funds which are reported as major funds. Data for the special aid fund, the school lunch fund, the debt service fund, and the miscellaneous special revenue fund are aggregated into a single column reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

| Major Feature of the District-Wide and Fund Financial Statements | | | |
|---|---|---|---|
| | **Government-Wide Statements** | **Fund Financial Statements** | |
| | | Governmental Funds | Fiduciary Funds |
| Scope | Entire District (except fiduciary funds) | The activities of the School District that are not proprietary or fiduciary, such as special education, scholarship programs, and building maintenance | Instances in which the School District administers resources on behalf of someone else, such as student activities monies |
| Required financial statements | Statement of net position Statement of activities | Balance sheet Statement of revenues, expenditures, and changes in fund balance | Statement of fiduciary net position statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All additions and deductions during the year, regardless of when cash is received or paid |

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

## Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District’s property tax base and the condition of the school buildings and facilities must also be considered to assess the District’s overall health.

All of the District’s services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

## Financial Analysis of the School District As A Whole

### Net Position

| | Governmental Activities | | Total Variance |
|---|---|---|---|
| **ASSETS:** | **2022** | **2021** | |
| Current and Other Assets | $ 81,296,964 | $ 69,531,841 | $ 11,765,123 |
| Capital Assets | 136,651,616 | 115,548,304 | 21,103,312 |
| **Total Assets** | **$ 217,948,580** | **$ 185,080,145** | **$ 32,868,435** |
| **DEFERRED OUTFLOWS OF RESOURCES:** | | | |
| Deferred Outflows of Resources | **$ 58,594,949** | **$ 59,092,419** | **$ (497,470)** |
| **LIABILITIES:** | | | |
| Long-Term Debt Obligations | $ 235,824,761 | $ 232,858,382 | $ 2,966,379 |
| Other Liabilities | 86,691,699 | 92,568,355 | (5,876,656) |
| **Total Liabilities** | **$ 322,516,460** | **$ 325,426,737** | **$ (2,910,277)** |
| **DEFERRED INFLOWS OF RESOURCES:** | | | |
| Deferred Inflows of Resources | **$ 61,496,441** | **$ 28,380,188** | **$ 33,116,253** |
| **NET POSITION:** | | | |
| Net Investment in Capital Assets | $ 61,703,478 | $ 57,162,778 | $ 4,540,700 |
| Restricted For, | | | |
| Capital Reserve | 2,985,949 | 10,110,683 | (7,124,734) |
| Debt Service Reserve | 4,943,038 | 4,693,367 | 249,671 |
| Reserve for ERS | 3,141,837 | 3,079,490 | 62,347 |
| Other Purposes | 2,304,847 | 2,457,800 | (152,953) |
| Unrestricted | (182,548,521) | (187,138,479) | 4,589,958 |
| **Total Net Position** | **$ (107,469,372)** | **$ (109,634,361)** | **$ 2,164,989** |

The District's financial position is the product of many factors.

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There are four restricted net asset balances, Capital Reserves, Debt Service, Reserve for ERS, and Other Purposes.

### Key Factors

- Current and other assets – TRS/ERS reported net pension assets of $29 million
- Capital assets – increase related to capitalization of $94 million project expenditures
- Other liabilities – decrease in capital accounts payable and $2.6 million BAN principal
- Capital reserve – voter approved transfer of $10 million to capital fund for $122 million authorization

## Changes in Net Asset

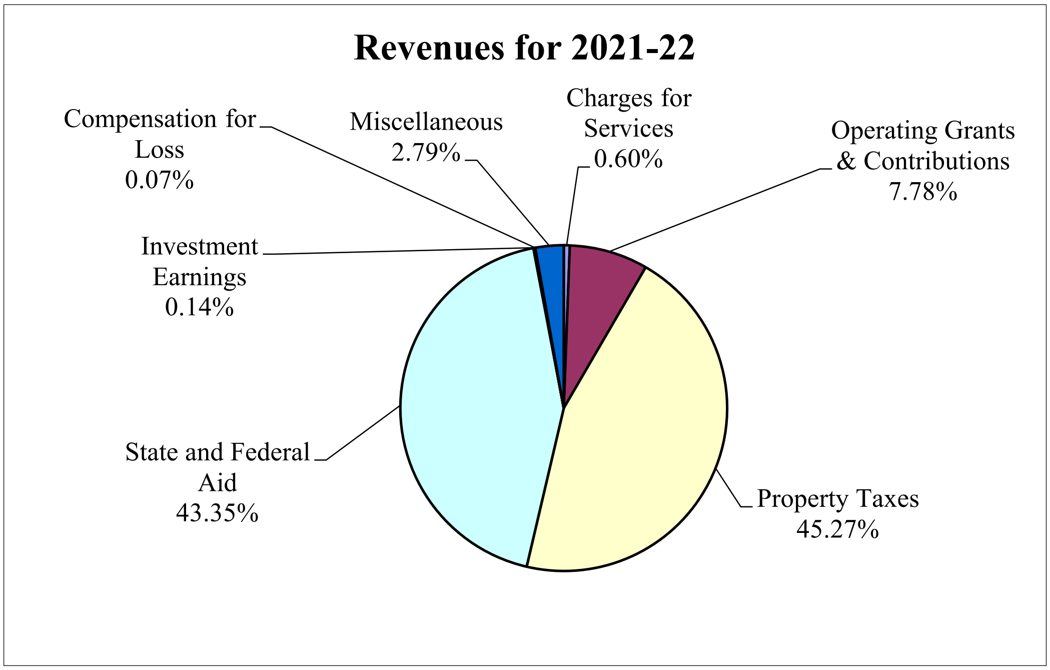
The District's total revenue increased 6% to $90,893,380. State and federal aid 43% and property taxes 45% accounted for most of the District's revenue. The remaining 12% of the revenue comes from operating grants, charges for services, investment earnings, compensation for loss, and miscellaneous revenues.

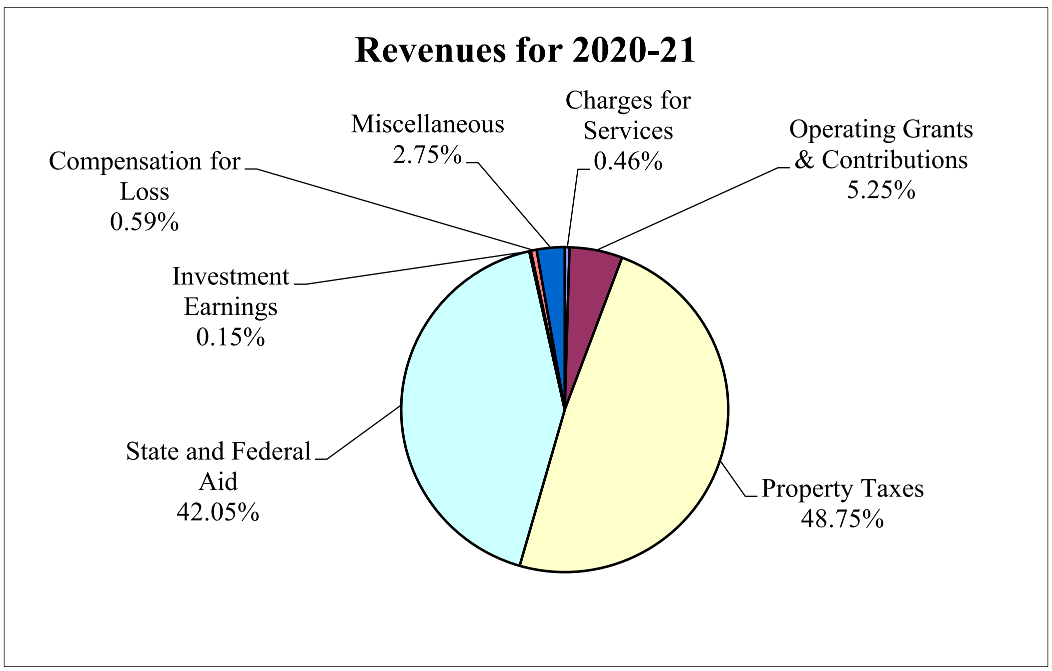
The total cost of all the programs and services increased 12% to $90,181,350. The District's expenses are predominately related to education and caring for the students 73%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 15% of the total costs. See table below:

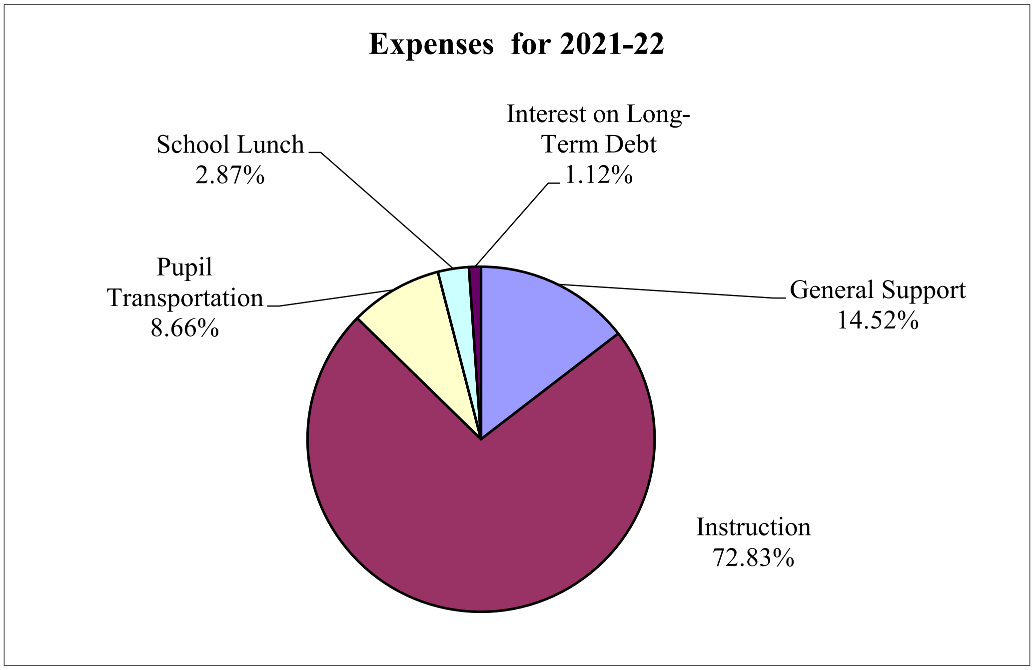
| | Governmental Activities 2022 | Governmental Activities 2021 | Total Variance |
|---|---|---|---|
| **REVENUES:** | | | |
| **Program -** | | | |
| Charges for Service | $ 540,862 | $ 393,386 | $ 147,476 |
| Operating Grants & Contributions | 7,070,669 | 4,506,517 | 2,564,152 |
| **Total Program** | $ 7,611,531 | $ 4,899,903 | $ 2,711,628 |
| **General -** | | | |
| Property Taxes | $ 41,151,324 | $ 41,859,477 | $ (708,153) |
| State and Federal Aid | 39,406,575 | 36,102,569 | 3,304,006 |
| Investment Earnings | 129,420 | 127,559 | 1,861 |
| Compensation for Loss | 64,020 | 508,044 | (444,024) |
| Miscellaneous | 2,530,510 | 2,362,618 | 167,892 |
| **Total General** | $ 83,281,849 | $ 80,960,267 | $ 2,321,582 |
| **TOTAL REVENUES** | **$ 90,893,380** | **$ 85,860,170** | **$ 5,033,210** |
| **EXPENSES:** | | | |
| General Support | $ 13,091,095 | $ 12,281,257 | $ 809,838 |
| Instruction | 65,684,562 | 60,980,326 | 4,704,236 |
| Pupil Transportation | 7,807,352 | 5,083,796 | 2,723,556 |
| School Lunch | 2,592,616 | 1,641,707 | 950,909 |
| Interest | 1,005,725 | 775,260 | 230,465 |
| **TOTAL EXPENSES** | **$ 90,181,350** | **$ 80,762,346** | **$ 9,419,004** |
| **INCREASE IN NET POSITION** | **$ 712,030** | **$ 5,097,824** | |
| **NET POSITION, BEGINNING OF YEAR (restated)** | (108,181,402) | (114,732,185) | |
| **NET POSITION, END OF YEAR** | **$ (107,469,372)** | **$ (109,634,361)** | |
| GASB 87 Restatement | | 1,452,959 | |
| **2021 RESTATED NET POSITION** | | **$ (108,181,402)** | |

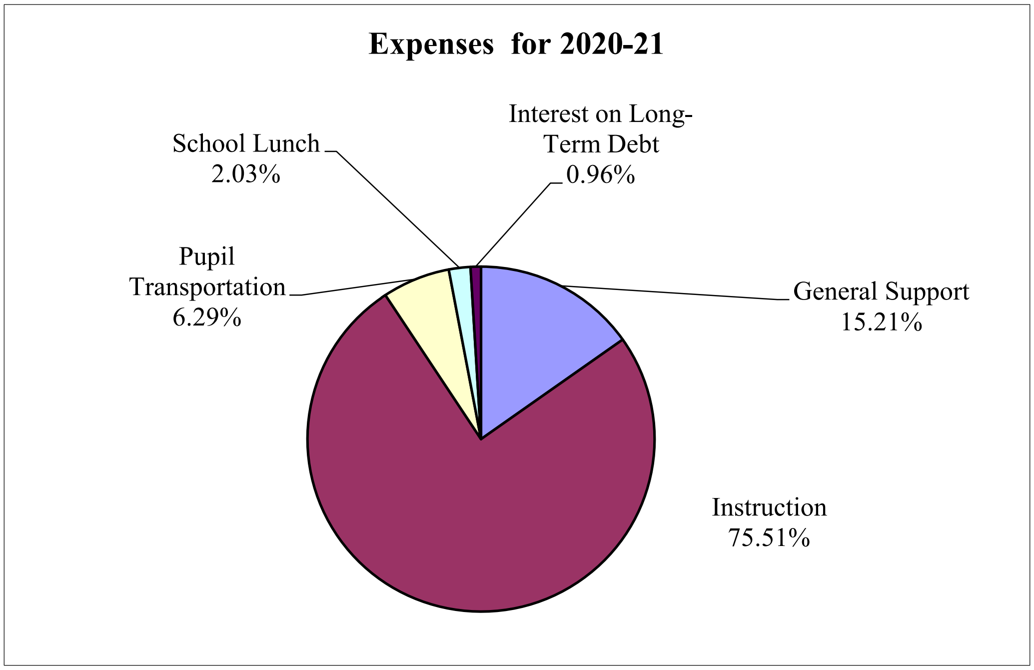
## Key Factors

- Operating grants and contributions - $1.5 million CRRSA/ARP
- State and federal aid – increase in foundation aid and building aid from Middle School project
- Expenses – increase due to accounting entry for transfers of $10 million from the capital reserve to capital fund, as authorized by the voters.


Revenues for 2021-22
Compensation for Loss 0.07%
Miscellaneous 2.79%
Charges for Services 0.60%
Operating Grants & Contributions 7.78%
Investment Earnings 0.14%
State and Federal Aid 43.35%
Property Taxes 45.27%


Revenues for 2020-21
Miscellaneous 2.75%
Charges for Services 0.46%
Operating Grants & Contributions 5.25%
Compensation for Loss 0.59%
Investment Earnings 0.15%
State and Federal Aid 42.05%
Property Taxes 48.75%


Expenses for 2021-22
School Lunch 2.87%
Interest on Long-Term Debt 1.12%
Pupil Transportation 8.66%
General Support 14.52%
Instruction 72.83%


Expenses for 2020-21
School Lunch 2.03%
Interest on Long-Term Debt 0.96%
Pupil Transportation 6.29%
General Support 15.21%
Instruction 75.51%

## Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of ($35,500,819) which is less than last year's ending fund balance of ($23,150,836).

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was $13,161,044. Fund balance for the General Fund decreased by $7,530,065 compared with the prior year. See table below:

| General Fund Balances: | 2022 | 2021 | Total Variance |
|---|---|---|---|
| Nonspendable | $ 3,061 | $ 735 | $ 2,326 |
| Restricted | 8,397,495 | 15,609,577 | (7,212,082) |
| Assigned | 1,221,669 | 1,655,087 | (433,418) |
| Unassigned | 3,538,819 | 3,425,710 | 113,109 |
| **Total General Fund Balances** | **$ 13,161,044** | **$ 20,691,109** | **$ (7,530,065)** |

## General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was $10,671,301. This change is attributable to $418,324 of carryover encumbrances from the 2020-21 school year, $16,214 for donations and reimbursements, $236,763 for insurance recoveries, and $10,000,000 for capital reserve transfer.

The key factors for budget variances in the general fund are listed below along with explanations for each.

| Expenditure Items: | Budget Variance Original Vs. Amended | Explanation for Budget Variance |
|---|---|---|
| Instructional-Teaching-Regular School | ($580,955) | Reallocation of identified surplus budgetary funds for new positions or purchases needed as determined by the district throughout the year. Reallocations made with no impact to existing instructional programs. |
| Instructional-Programs for Children with Handicapping Conditions | ($828,167) | Lower than anticipated cost of BOCES special education services upon final reconciliation, surplus funds used to make additional principal BAN payment to lessen future interest costs |
| Transfer-Out | $10,036,913 | Voter approved transfer of $10,000,000 from capital reserve to capital fund |

| Expenditure Items: | Budget Variance Amended Vs. Actual | Explanation for Budget Variance |
|---|---|---|
| Instructional-Teaching-Regular School | $993,447 | Various positions initially budgeted for were paid with grant funds |
| Instructional-Programs for Children with Handicapping Conditions | $935,470 | Various positions initially budgeted for were paid with grant funds. Cost of BOCES special education services were less than anticipated. |
| Employee Benefits | $1,705,441 | District health claims less than anticipated |

## Capital Asset and Debt Administration

### Capital Assets

By the end of the 2022 fiscal year, the District had invested $136,651,616 in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

| | 2022 | 2021 |
|---|---|---|
| **Capital Assets:** | | |
| Land | $ 375,730 | $ 375,730 |
| Work in Progress | 71,828,683 | 50,488,919 |
| Buildings and Improvements | 58,124,139 | 58,719,727 |
| Machinery and Equipment | 5,183,633 | 5,963,928 |
| **Total Capital Assets** | **$ 135,512,185** | **$ 115,548,304** |
| **Lease Assets** | | |
| Equipment | $ 1,139,431 | $ 1,649,844 |
| **Total Lease Assets** | **$ 1,139,431** | **$ 1,649,844** |

More detailed information can be found in the notes to the financial statements.

### Long-Term Debt

At year end, the District had $235,824,761 in general obligation bonds and other long-term debt as follows:

| Type | 2022 | 2021 |
|---|---|---|
| Serial Bonds | $ 4,710,000 | $ 6,940,000 |
| Lease Liability | 88,683 | 196,885 |
| OPEB | 224,447,076 | 217,919,774 |
| Retainage Payable | 2,910,949 | - |
| Net Pension Liability | - | 4,335,121 |
| Compensated Absences | 3,668,053 | 3,663,487 |
| **Total Long-Term Obligations** | **$ 235,824,761** | **$ 233,055,267** |

More detailed information can be found in the notes to the financial statements.

## Factors Bearing on the District's Future

The Horseheads Central School District (District) is currently in the process of completing a $94 million capital project approved by the voters in 2017. The District is also in the beginning phases of a newly authorized $122 million capital project that was approved by the voters in December 2021. This new project will complete additions and upgrades to three of the district's elementary buildings in preparation for the closure of Center Street Elementary School, as well as various improvements to the district's Intermediate/Middle School complex and the High School. Due to the district's strong credit rating and financial position, the district continues to receive favorable rates as we fund these projects. The District has planned carefully over the years for these projects by saving money in our capital reserve and analyzing other resources available to minimize the tax impact to our community. The District continues to work closely with their financial advisor, architect, and construction manager to determine the best path forward for both the District's financials and the overall project.

The District, like all districts in the state, continues to be challenged by the COVID-19 pandemic and foreign conflicts resulting in supply chain issues and inflation. As part of the federal response to COVID-19, the District has received nearly $8 million in federal assistance combined between CRRSA and the American Rescue Plan. In accordance with the survey completed by various stakeholders in the community, the district has and will continue to use this money towards increasing access to technology and social/emotional supports for students. We've used these funds to purchase more laptops and technology devices for students and hire more positions in support of students' social/emotional well-being. We will build a plan into the annual budget to continue these initiatives after the federal monies expire, as funds allow. The district will also use the federal monies to upgrade HVAC systems in our elementary schools. The district continues to be watchful of the impacts of the high inflationary times. The district has a strong financial position with conservative budgeting and healthy reserve balances that the district believes will assist in these difficult times.

## Contacting the School District's Financial Management

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

Horseheads Central School District
143 Hibbard Road
Horseheads, New York 14845

## HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK
### Statement of Net Position
### June 30, 2022

| | | Governmental Activities |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ | 42,249,102 |
| Accounts receivable | | 9,390,463 |
| Inventories | | 96,671 |
| Prepaid items | | 3,061 |
| Net pension asset | | 29,557,667 |
| **Capital Assets:** | | |
| Land | | 375,730 |
| Work in progress | | 71,828,683 |
| Other capital assets (net of depreciation) | | 64,447,203 |
| **TOTAL ASSETS** | **$** | **217,948,580** |
| | | |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred outflows of resources | **$** | **58,594,949** |
| | | |
| **LIABILITIES** | | |
| Accounts payable | $ | 1,390,216 |
| Accrued liabilities | | 1,770,442 |
| Unearned revenues | | 459,139 |
| Due to other governments | | 62,810 |
| Due to teachers' retirement system | | 2,966,685 |
| Due to employees' retirement system | | 259,451 |
| Bond anticipation notes payable | | 79,680,637 |
| Other Liabilities | | 102,319 |
| **Long-Term Obligations:** | | |
| Due in one year | | 5,200,881 |
| Due in more than one year | | 230,623,880 |
| **TOTAL LIABILITIES** | **$** | **322,516,460** |
| | | |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred inflows of resources | **$** | **61,496,441** |
| | | |
| **NET POSITION** | | |
| Net investment in capital assets | $ | 61,703,478 |
| **Restricted For:** | | |
| Debt service | | 4,943,038 |
| Reserve for employee retirement system | | 3,141,837 |
| Capital reserves | | 2,985,949 |
| Other purposes | | 2,304,847 |
| Unrestricted | | (182,548,521) |
| **TOTAL NET POSITION** | **$** | **(107,469,372)** |

(See accompanying notes to financial statements)

# HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK

## Statement of Activities

## For The Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|
| **Primary Government -** | | | | |
| General support | $ 13,091,095 | $ - | $ - | $ (13,091,095) |
| Instruction | 65,684,562 | 354,288 | 4,669,046 | (60,661,228) |
| Pupil transportation | 7,807,352 | - | - | (7,807,352) |
| School lunch | 2,592,616 | 186,574 | 2,401,623 | (4,419) |
| Interest | 1,005,725 | - | - | (1,005,725) |
| **Total Primary Government** | **$ 90,181,350** | **$ 540,862** | **$ 7,070,669** | **$ (82,569,819)** |

| | |
|---|---|
| **General Revenues:** | |
| Property taxes | $ 41,151,324 |
| State and federal aid | 39,406,575 |
| Investment earnings | 129,420 |
| Compensation for loss | 64,020 |
| Miscellaneous | 2,530,510 |
| **Total General Revenues** | **$ 83,281,849** |
| Changes in Net Position | $ 712,030 |
| **Net Position, Beginning of Year (restated)** | (108,181,402) |
| **Net Position, End of Year** | **$ (107,469,372)** |

(See accompanying notes to financial statements)

## HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK

### Balance Sheet

### Governmental Funds

### June 30, 2022

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 10,362,952 | $ 25,466,074 | $ 6,420,076 | $ 42,249,102 |
| Receivables | 7,687,480 | 20,864 | 1,682,119 | 9,390,463 |
| Inventories | - | - | 96,671 | 96,671 |
| Due from other funds | 988,041 | 197,474 | 28,409 | 1,213,924 |
| Prepaid items | 3,061 | - | - | 3,061 |
| **TOTAL ASSETS** | **$ 19,041,534** | **$ 25,684,412** | **$ 8,227,275** | **$ 52,953,221** |
| **LIABILITIES AND FUND BALANCES** | | | | |
| **Liabilities -** | | | | |
| Accounts payable | $ 145,515 | $ 1,243,857 | $ 844 | $ 1,390,216 |
| Accrued liabilities | 1,690,247 | - | 1,104 | 1,691,351 |
| Notes payable - bond anticipation notes | - | 79,680,637 | - | 79,680,637 |
| Due to other funds | 26,740 | 1,669 | 1,185,515 | 1,213,924 |
| Due to other governments | 62,025 | - | 785 | 62,810 |
| Due to TRS | 2,966,685 | - | - | 2,966,685 |
| Due to ERS | 259,451 | - | - | 259,451 |
| Other liabilities | 102,319 | - | - | 102,319 |
| Compensated absences | 156,249 | - | - | 156,249 |
| Unearned revenue | - | - | 459,139 | 459,139 |
| **TOTAL LIABILITIES** | **$ 5,409,231** | **$ 80,926,163** | **$ 1,647,387** | **$ 87,982,781** |
| **Deferred Inflows -** | | | | |
| Deferred inflows of resources | **$ 471,259** | **$ -** | **$ -** | $ 471,259 |
| **Fund Balances -** | | | | |
| Nonspendable | $ 3,061 | $ - | $ 96,671 | $ 99,732 |
| Restricted | 8,397,495 | 11,996,755 | 4,978,176 | 25,372,426 |
| Assigned | 1,221,669 | - | 1,505,041 | 2,726,710 |
| Unassigned | 3,538,819 | (67,238,506) | - | (63,699,687) |
| **TOTAL FUND BALANCE** | **$ 13,161,044** | **$ (55,241,751)** | **$ 6,579,888** | **$ (35,500,819)** |
| **TOTAL LIABILITIES AND FUND BALANCES** | **$ 19,041,534** | **$ 25,684,412** | **$ 8,227,275** | |

| | |
|---|---|
| **Amounts reported for governmental activities in the Statement of Net Position are different because:** | |
| Capital assets used/right to use assets in governmental activities are not financial resources and therefore are not reported in the funds. | 136,651,616 |
| Interest is accrued on outstanding bonds in the statement of net position but not in the funds. | (79,091) |
| The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds: | |
| Serial bonds payable | (4,710,000) |
| Leases | (88,683) |
| Retainage | (2,910,949) |
| OPEB | (224,447,076) |
| Compensated absences | (3,511,804) |
| Net pension asset | 29,557,667 |
| Deferred outflow - pension | 19,804,074 |
| Deferred outflow - OPEB | 38,790,875 |
| Deferred inflow - pension | (37,743,854) |
| Deferred inflow - OPEB | (23,281,328) |
| **Net Position of Governmental Activities** | **$ (107,469,372)** |

(See accompanying notes to financial statements)

## HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK
### Statement of Revenues, Expenditures and Changes in Fund Balances
### Governmental Funds
### For The Year Ended June 30, 2022

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Real property taxes and tax items | $ 41,151,324 | $ - | $ - | $ 41,151,324 |
| Charges for services | 354,288 | - | - | 354,288 |
| Use of money and property | 112,559 | - | 16,861 | 129,420 |
| Sale of property and compensation for loss | 64,020 | - | - | 64,020 |
| Miscellaneous | 1,628,832 | - | 677,906 | 2,306,738 |
| State sources | 39,154,170 | - | 861,478 | 40,015,648 |
| Federal sources | 252,405 | - | 5,569,327 | 5,821,732 |
| Sales | - | - | 186,574 | 186,574 |
| **TOTAL REVENUES** | **$ 82,717,598** | **$ -** | **$ 7,312,146** | **$ 90,029,744** |
| **EXPENDITURES** | | | | |
| General support | $ 10,475,359 | $ - | $ - | $ 10,475,359 |
| Instruction | 38,321,160 | - | 4,211,951 | 42,533,111 |
| Pupil transportation | 3,998,659 | - | 86,919 | 4,085,578 |
| Employee benefits | 20,734,364 | - | 720,767 | 21,455,131 |
| Debt service - principal | 4,985,424 | - | - | 4,985,424 |
| Debt service - interest | 980,075 | - | - | 980,075 |
| Cost of sales | - | - | 876,424 | 876,424 |
| Other expenses | - | - | 1,084,613 | 1,084,613 |
| Capital outlay | - | 19,414,870 | - | 19,414,870 |
| **TOTAL EXPENDITURES** | **$ 79,495,041** | **$ 19,414,870** | **$ 6,980,674** | **$ 105,890,585** |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | $ 3,222,557 | $ (19,414,870) | $ 331,472 | $ (15,860,841) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers - in | $ 969,291 | $ 11,597,474 | $ 321,913 | $ 12,888,678 |
| Transfers - out | (11,721,913) | (339,291) | (827,474) | (12,888,678) |
| BAN's redeemed from appropriations | - | 2,647,222 | - | 2,647,222 |
| Premium on obligations issued | - | - | 863,636 | 863,636 |
| **TOTAL OTHER FINANCING SOURCES (USES)** | **$ (10,752,622)** | **$ 13,905,405** | **$ 358,075** | **$ 3,510,858** |
| **NET CHANGE IN FUND BALANCE** | **$ (7,530,065)** | **$ (5,509,465)** | **$ 689,547** | **$ (12,349,983)** |
| **FUND BALANCE, BEGINNING OF YEAR (restated)** | 20,691,109 | (49,732,286) | 5,890,341 | (23,150,836) |
| **FUND BALANCE, END OF YEAR** | **$ 13,161,044** | **$ (55,241,751)** | **$ 6,579,888** | **$ (35,500,819)** |

(See accompanying notes to financial statements)

## HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK
## Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities
## For The Year Ended June 30, 2022

| | | |
|---|---|---|
| **NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** | | $ (12,349,983) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period: | | |
| Capital Outlay | $ 19,414,870 | |
| Additions to Assets, Net | 3,268,433 | |
| Depreciation and Amortization | (3,229,835) | |
| | | 19,453,468 |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities: | | |
| Debt Repayments | $ 4,985,424 | |
| Proceeds from BAN Redemption | (2,647,222) | |
| | | 2,338,202 |
| In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | | (25,650) |
| The retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. | | (2,910,949) |
| The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. | | (11,035,602) |
| (Increase) decrease 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 | | 4,402,456 |
| Employees' Retirement System | | 856,168 |
| In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities: | | |
| Compensated Absences | | (16,080) |
| **CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** | | **$ 712,030** |

(See accompanying notes to financial statements)

**HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Fiduciary Net Position**

**June 30, 2022**

| | Custodial Funds |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 194,406 |
| Receivable from general fund | 2,256 |
| **TOTAL ASSETS** | **$ 196,662** |
| **LIABILITIES** | |
| Other liabilities | 333 |
| **TOTAL LIABILITIES** | **$ 333** |
| **NET POSITION** | |
| Restricted for individuals, organizations and other governments | $ 196,329 |
| **TOTAL NET POSITION** | **$ 196,329** |

**Statement of Changes in Fiduciary Net Position**

**For The Year Ended June 30, 2022**

| | Custodial Funds |
|---|---|
| **ADDITIONS** | |
| Gifts and Donations | $ 7,241 |
| Investment earnings | 137 |
| Miscellaneous | 362,551 |
| **TOTAL ADDITIONS** | **$ 369,929** |
| **DEDUCTIONS** | |
| Student activity | $ 361,859 |
| **TOTAL DEDUCTIONS** | **$ 361,859** |
| **CHANGE IN NET POSITION** | $ 8,070 |
| **NET POSITION, BEGINNING OF YEAR** | 188,259 |
| **NET POSITION, END OF YEAR** | **$ 196,329** |

## I. Summary of Significant Accounting Policies

The financial statements of the Horseheads Central School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

### A. Reporting Entity

The Horseheads 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 nine 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* and GASB Statement No. 61, *The Financial Reporting Entity*. 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 District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the District's reporting entity.

#### 1. Extraclassroom Activity Funds

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

### B. Joint Venture

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

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

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component 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.

During the year, the District was billed $13,030,590 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $5,034,436.

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

## C. Basis of Presentation

### 1. Districtwide Statements

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

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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions 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.

### 2. Fund Statements

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

The District reports the following governmental funds:

**a.** **Major Governmental Funds**

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

**Capital Projects Fund** - Used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

**b.** **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

**School Lunch Fund** - Used to account for transactions of the District's lunch, breakfast and milk programs.

**Special Aid Fund** - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

**Miscellaneous Special Revenue Fund** - This fund accounts for the proceeds of fundraisers, small private events and donations for specific purposes such as scholarships and school related events.

**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.

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

**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 and for payroll or employee withholding.

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

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

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

## E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 9, 2021. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the County(ies) in which the District is located. The County(ies) pay an amount representing uncollected real property taxes transmitted to the County(ies) for enforcement to the District no later than the following April 1.

## F. Restricted Resources

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

## G. Interfund Transactions

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

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

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 VII for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

**H. Estimates**

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

**I. Cash and Cash Equivalents**

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

**J. Receivables**

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

In addition, the District will report a receivable relating to a lease arrangement. The receivable is recorded at the present value of the future payments and recognized over the life of the lease.

No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

**K. Inventory and Prepaid Items**

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which 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 District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed

A non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**L. Capital Assets**

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of capitalization thresholds and estimated useful lives by type of assets is as follows:

| Class | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|---|---|---|---|
| Land | $ 15,000 | N/A | N/A |
| Building and Improvements | $ 15,000 | SL | 40 Years |
| Furniture and Equipment | $ 5,000 | SL | 5-15 Years |

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

**M. Right To Use Assets**

The District-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 3 and 5 years based on the contract terms and/or estimated replacement of the assets.

**N. Unearned Revenue**

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

## O. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

## P. Vested Employee Benefits

### 1. 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.

Certain 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.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

## Q. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees 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 may be 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.

**R. Short-Term Debt**

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

**S. Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds' 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.

**T. Equity Classifications**

**1. District-Wide Statements**

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

**a. 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, constructions or improvements of those assets.

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

On the Statement of Net Position, the following balances represent the restricted for other purposes:

| | Total |
|---|---|
| Unemployment Costs | $ 47,698 |
| Retirement Contribution - TRS | 200,182 |
| Tax Certiorari | 938,138 |
| Miscellaneous reserve | 35,138 |
| Employee Benefit Accrued Liability | 1,083,691 |
| **Total Net Position - Restricted for Other Purposes** | **$ 2,304,847** |

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of $182,548,521 at year end is the result of full implantation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

| | | Total |
|---|---|---|
| Inventory in School Lunch | $ | 96,671 |
| Prepaid Items | | 3,061 |
| **Total Nonspendable Fund Balance** | **$** | **99,732** |

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

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

| Name of Reserve | Maximum Funding | Total Funding Provided | Total Year to Date Balance |
|---|---|---|---|
| 2015 Capital Reserve | $ 15,000,000 | $ 15,000,000 | $ 40,723 |
| 2019 Capital Reserve | $ 10,000,000 | $ 7,945,012 | $ 2,945,226 |
| 2022 Capital Reserve | $ 10,000,000 | $ - | $ - |

**Reserve for Debt Service** - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

**( I. ) (Continued)**

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

**Retirement Contribution Reserve** - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

**Teachers' Retirement Reserve** – General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous year's TRS salary.

**Tax Certiorari Reserve** - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

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

**Encumbrances** - Encumbrance accounting, under which purchase orders, contracts and other 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 and the School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

**( I. ) (Continued)**

Restricted fund balances include the following:

| | | Total |
|---|---|---|
| **General Fund -** | | |
| Unemployment Costs | $ | 47,698 |
| Retirement Contribution - ERS | | 3,141,837 |
| Retirement Contribution - TRS | | 200,182 |
| Tax Certiorari | | 938,138 |
| Capital Reserves | | 2,985,949 |
| Employee Benefit Accrued Liability | | 1,083,691 |
| **Capital Fund -** | | |
| Capital Projects | | 11,996,755 |
| **Misc Special Revenue Fund -** | | |
| Scholarships | | 35,138 |
| **Debt Service Fund -** | | |
| Debt Service | | 4,943,038 |
| **Total Restricted Fund Balance** | **$** | **25,372,426** |

The District has appropriated the following reserves to support the 2022-23 budget:

| | | Total |
|---|---|---|
| Unemployment Costs | $ | 12,200 |
| ERS | | 438,000 |
| EBALR | | 150,000 |
| **Total** | **$** | **600,200** |

**c.** <u>**Committed**</u> **-** Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2022.

**d.** <u>**Assigned Fund Balance**</u> – Includes amounts that are constrained by the 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. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

The District assigned fund balance for a reserve for insurance recoveries which represents insurance proceeds which are assigned to support the damaged property.

Management has determined significant encumbrances for the General Fund to be $107,000, the Capital Projects Fund to be $31,000 and the Special Aid Fund to be $6,000. The District reports the following significant encumbrances:

| | |
|---|---|
| **General Fund -** | |
| Instruction | $ 118,082 |
| **Capital Fund -** | |
| Capital Improvements | $ 13,084,913 |
| **Special Aid Fund -** | |
| Instruction | $ 520,770 |

Assigned fund balances include the following:

| | **Total** |
|---|---|
| General Fund - Encumbrances | $ 221,669 |
| General Fund - Appropriated for Taxes | 1,000,000 |
| Misc Special Revenue Fund - Year End Equity | 147,198 |
| School Lunch Fund - Year End Equity | 1,357,843 |
| **Total Assigned Fund Balance** | **$ 2,726,710** |

**e.** **Unassigned Fund Balance** – 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 school 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 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.

**3. 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, the remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

## U. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the District implemented the following new standards issued by GASB:

GASB has issued Statement 87, *Leases*

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 13 and 14*

GASB has issued Statement No. 98, *The Annual Comprehensive Financial Report*

## V. Future Changes in Accounting Standards

GASB has issued Statement No. 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 92, *Omnibus 2020, Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

GASB has issued Statement No. 94, *Public-Privatee and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 96, *Subscription Based Information Technology*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 101, *Compensated Absences*, which will be effective for reporting periods beginning after December 15, 2023.

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

## II. Restatement of Net Position

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases.* The District's net position has been restated as follows:

| | Government-Wide Statements |
|---|---|
| Net position beginning of year, as previously stated | $ (109,634,361) |
| Right to use assets | 3,039,074 |
| Accumulated amortization | (1,389,230) |
| Lease liability | (196,885) |
| Net position beginning of year, as restated | $ (108,181,402) |

## III. Changes in Accounting Principles

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of the statement changes the reporting for leases. See Note II for the financial statement impact of implementation of the Statement.

## IV. Stewardship, Compliance and Accountability

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

### A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2021-22 fiscal year, the budget was increased by $236,763 for insurance recoveries, $10,000,000 for a Capital Reserve transfer, $16,214 for donations and reimbursements, and $418,324 for prior year encumbrances.

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

### B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred, or the commitment is paid.

### C. Deficit Fund Balance – Capital Projects Fund

The Capital Projects Fund had a deficit fund balance of $55,241,751 at June 30, 2022, which is a result of bond anticipation notes which are used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until the notes are replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

### D. Deficit Net Position

The District-wide net position had a deficit at June 30, 2022 of $107,469,372. The deficit is the result of the implementation of GASB Statement 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which required the recognition of an unfunded liability of $224,447,076 at June 30, 2022. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

## V. Cash and Cash Equivalents

**Credit risk:** In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the Unites States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

**Concentration of Credit risk:** To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any one financial institution.

**Interest rate risk:** The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

( V. ) (Continued)

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

| | |
|---|---|
| Uncollateralized | $ - |
| Collateralized with Securities held by the Pledging Financial Institution | 42,769,416 |
| **Total** | **$ 42,769,416** |

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $25,372,426 within the governmental funds and $196,406 in the fiduciary funds.

## VI. Receivables

**A.** Receivables at June 30, 2022 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

| | Governmental Activities | | | |
|---|---|---|---|---|
| Description | General Fund | Capital Projects Fund | Non-Major Funds | Total |
| Accounts Receivable | $ 63,794 | $ - | $ 175,316 | $ 239,110 |
| Due From State and Federal | 4,691,472 | 20,864 | 1,506,803 | 6,219,139 |
| Due From Other Governments | 2,460,955 | - | - | 2,460,955 |
| Lease Receivable | 471,259 | - | - | 471,259 |
| **Total Receivables** | **$ 7,687,480** | **$ 20,864** | **$ 1,682,119** | **$ 9,390,463** |

District management has deemed the amounts to be fully collectible.

**B.** Lease Receivable – The District has entered into a lease of their classroom space which matures in ___________, 2030. The future principal and interest collections are as follows:

| Year | Principal | Interest |
|---|---|---|
| 2023 | $ 58,599 | $ 14,251 |
| 2024 | 60,532 | 12,318 |
| 2025 | 62,529 | 10,321 |
| 2026 | 64,592 | 8,258 |
| 2027 | 66,723 | 6,127 |
| 2028-30 | 158,284 | 5,628 |
| **Total** | **$ 471,259** | **$ 56,903** |

## VII. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2022 were as follows:

| | Interfund | | | |
|---|---|---|---|---|
| | Receivables | Payables | Revenues | Expenditures |
| General Fund | $ 988,041 | $ 26,740 | $ 969,291 | $ 11,721,913 |
| Capital Projects Fund | 197,474 | 1,669 | 11,597,474 | 339,291 |
| Nonmajor Funds | 28,409 | 1,185,515 | 321,913 | 827,474 |
| **Total** | **$ 1,213,924** | **$ 1,213,924** | **$ 12,888,678** | **$ 12,888,678** |

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

## VIII. Capital Assets and Lease Assets

### A. Capital Assets

Capital asset balances and activity were as follows:

| Type | Balance 7/1/2021 | Additions | Deletions | Balance 6/30/2022 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| **Capital Assets that are not Depreciated -** | | | | |
| Land | $ 375,730 | $ - | $ - | $ 375,730 |
| Work in progress | 50,488,919 | 22,325,819 | 986,055 | 71,828,683 |
| ***Total Nondepreciable*** | $ 50,864,649 | $ 22,325,819 | $ 986,055 | $ 72,204,413 |
| **Capital Assets that are Depreciated -** | | | | |
| Buildings and Improvements | $ 90,356,935 | $ 933,629 | $ - | $ 91,290,564 |
| Machinery and equipment | 13,793,139 | 409,910 | 716,938 | 13,486,111 |
| *Total Depreciated Assets* | $ 104,150,074 | $ 1,343,539 | $ 716,938 | $ 104,776,675 |
| **Less Accumulated Depreciation -** | | | | |
| Buildings and Improvements | $ 31,637,208 | $ 1,529,217 | $ - | $ 33,166,425 |
| Machinery and equipment | 7,829,211 | 1,190,205 | 716,938 | 8,302,478 |
| *Total Accumulated Depreciation* | $ 39,466,419 | $ 2,719,422 | $ 716,938 | $ 41,468,903 |
| ***Total Capital Assets Depreciated, Net of Accumulated Depreciation*** | $ 64,683,655 | $ (1,375,883) | $ - | $ 63,307,772 |
| **Total Capital Assets** | **$ 115,548,304** | **$ 20,949,936** | **$ 986,055** | **$ 135,512,185** |

( VIII. ) (Continued)

B. **Lease Assets**

A summary of the lease asset activity during the year ended June 30, 2022 is as follows:

| Type | Balance 7/1/2021 | Additions | Deletions | Balance 6/30/2022 |
|---|---|---|---|---|
| **Lease Assets:** | | | | |
| Equipment | $ 3,039,074 | $ - | $ - | $ 3,039,074 |
| ***Total Lease Assets*** | $ 3,039,074 | $ - | $ - | $ 3,039,074 |
| **Less Accumulated Amortization -** | | | | |
| Equipment | $ 1,389,230 | $ 510,413 | $ - | 1,899,643 |
| *Total Accumulated Amortization* | $ 1,389,230 | $ 510,413 | $ - | $ 1,899,643 |
| ***Total Lease Assets, Net*** | **$ 1,649,844** | **$ (510,413)** | **$ -** | **$ 1,139,431** |

C. Other capital assets (net of depreciation and amortization):

| | |
|---|---|
| Depreciated Capital Assets (net) | $ 63,307,772 |
| Amortized Lease Assets (net) | 1,139,431 |
| **Total Other Capital Assets (net)** | **$ 64,447,203** |

D. Depreciation/Amortization expense for the period was charged to functions/programs as follows:

| **Governmental Activities:** | Depreciation | Amortization | Total |
|---|---|---|---|
| Instruction | $ 1,529,217 | $ 510,413 | $ 2,039,630 |
| Transportation | 1,190,205 | - | 1,190,205 |
| **Total Depreciation and Amortization Expense** | **$ 2,719,422** | **$ 510,413** | **$ 3,229,835** |

IX. **Short-Term Debt**

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

| | Maturity | Interest Rate | Balance 7/1/2021 | Additions | Deletions | Balance 6/30/2022 |
|---|---|---|---|---|---|---|
| BAN | 6/23/2022 | 1.00% | 82,327,859 | - | 82,327,859 | - |
| BAN | 6/22/2023 | 3.00% | | 79,680,637 | - | 79,680,637 |
| **Total Short-Term Debt** | | | **$ 82,327,859** | **$ 79,680,637** | **$ 82,327,859** | **$ 79,680,637** |

A summary of the short-term interest expense for the year is as follows:

| | |
|---|---|
| Interest Paid | $ 823,279 |
| Less: Interest Accrued in the Prior Year | (16,008) |
| Plus: Interest Accrued in the Current Year | 53,120 |
| **Total Short-Term Interest Expense** | **$ 860,391** |

## X. Long-Term Debt Obligations

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

| | Balance 7/1/2021 | Additions | Deletions | Balance 6/30/2022 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| **Bonds and Notes Payable -** | | | | | |
| Serial Bonds | $ 6,940,000 | $ - | $ 2,230,000 | $ 4,710,000 | $ 2,045,000 |
| Lease Liability | 196,885 | - | 108,202 | 88,683 | 88,683 |
| **Total Bonds and Notes Payable** | $ 7,136,885 | $ - | $ 2,338,202 | $ 4,798,683 | $ 2,133,683 |
| **Other Liabilities -** | | | | | |
| Net Pension Liability | 4,335,121 | - | 4,335,121 | - | - |
| OPEB | 217,919,774 | 6,527,302 | - | 224,447,076 | - |
| Retainage Payable | - | 2,910,949 | - | 2,910,949 | 2,910,949 |
| Compensated Absences | 3,663,487 | 4,566 | - | 3,668,053 | 156,249 |
| **Total Other Liabilities** | $ 225,918,382 | $ 9,442,817 | $ 4,335,121 | $ 231,026,078 | $ 3,067,198 |
| **Total Long-Term Obligations** | **$ 233,055,267** | **$ 9,442,817** | **$ 6,673,323** | **$ 235,824,761** | **$ 5,200,881** |

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial and statutory bond obligations:

| Description | Original Amount | Issue Date | Final Maturity | Interest Rate | Amount Outstanding 6/30/2022 |
|---|---|---|---|---|---|
| **Serial Bonds** | | | | | |
| Capital Improvement | $ 6,225,000 | 2016 | 2024 | 1.5%-2.0% | $ 2,030,000 |
| Bus Purchase | $ 1,100,000 | 2018 | 2023 | 4.00% | 240,000 |
| Bus Purchase | $ 1,300,000 | 2019 | 2024 | 2.00% | 535,000 |
| Bus Purchase | $ 2,415,000 | 2021 | 2026 | 2.0%-4.0% | 1,905,000 |
| **Total Serial Bonds** | | | | | **$ 4,710,000** |
| **Leases** | | | | | |
| Leases | $ 522,238 | 2018 | 2023 | 3.25% | $ 88,683 |
| **Total Leases** | | | | | **$ 88,683** |

The following is a summary of debt service requirements:

| | Serial Bonds | | Leases | |
|---|---|---|---|---|
| **Year** | **Principal** | **Interest** | **Principal** | **Interest** |
| 2023 | $ 2,045,000 | $ 102,650 | $ 88,683 | $ 1,320 |
| 2024 | 1,830,000 | 56,950 | - | - |
| 2025 | 565,000 | 25,050 | - | - |
| 2026 | 270,000 | 8,100 | - | - |
| **Total** | **$ 4,710,000** | **$ 192,750** | **$ 88,683** | **$ 1,320** |

Interest on long-term debt for June 30, 2022 was composed of:

| | | |
|---|---|---|
| Interest Paid | $ | 156,796 |
| Less: Interest Accrued in the Prior Year | | (37,433) |
| Plus: Interest Accrued in the Current Year | | 25,971 |
| **Total Long-Term Interest Expense** | **$** | **145,334** |

In prior years, the District defeased certain general obligations and other bonds 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 trust account assets and the liability for the defeased bonds are not included in the District's financial statements. $2,120,000 of bonds outstanding are considered defeased.

## XI. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

| | Deferred Outflows | Deferred Inflows |
|---|---|---|
| Pension | $ 19,804,074 | $ 37,743,854 |
| Leases | - | 471,259 |
| OPEB | 38,790,875 | 23,281,328 |
| **Total** | **$ 58,594,949** | **$ 61,496,441** |

## XII. Pension Plans

### A. General Information

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

### B. Provisions and Administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

ERS 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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. 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. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

**C. 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 VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2022:

| Contributions | ERS | TRS |
|---|---|---|
| 2022 | $ 1,122,453 | $ 2,966,685 |

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2022, 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, 2022 for ERS and June 30, 2021 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 TRS and ERS Systems in reports provided to the District.

| | ERS | TRS |
|---|---|---|
| Measurement date | March 31, 2022 | June 30, 2021 |
| Net pension assets/(liability) | $ 2,006,195 | $ 27,551,472 |
| District's portion of the Plan's total net pension asset/(liability) | 0.025% | 0.159% |

For the year ended June 30, 2022, the District recognized pension expenses of $210,229 for ERS and $1,675,114 for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| | ERS | TRS | ERS | TRS |
| Differences between expected and actual experience | $ 151,932 | $ 3,797,678 | $ 197,064 | $ 143,142 |
| Changes of assumptions | 3,348,114 | 9,062,255 | 56,496 | 1,604,792 |
| Net difference between projected and actual earnings on pension plan investments | - | - | 6,569,447 | 28,835,467 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 384,964 | 73,447 | 28,788 | 308,658 |
| Subtotal | $ 3,885,010 | $ 12,933,380 | $ 6,851,795 | $ 30,892,059 |
| District's contributions subsequent to the measurement date | 259,451 | 2,726,233 | - | - |
| **Grand Total** | **$ 4,144,461** | **$ 15,659,613** | **$ 6,851,795** | **$ 30,892,059** |

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year | ERS | TRS |
|---|---|---|
| 2022 | $ - | $ (3,652,159) |
| 2023 | (407,107) | (4,218,521) |
| 2024 | (649,758) | (5,289,654) |
| 2025 | (1,615,184) | (6,985,269) |
| 2026 | (294,736) | 1,281,959 |
| Thereafter | - | 904,965 |
| **Total** | **$ (2,966,785)** | **$ (17,958,679)** |

**E. 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:

**( XII. ) (Continued)**

| | ERS | TRS |
|---|---|---|
| Measurement date | March 31, 2022 | June 30, 2021 |
| Actuarial valuation date | April 1, 2021 | June 30, 2020 |
| Interest rate | 5.90% | 6.95% |
| Salary scale | 4.50% | 5.18%-1.95% |
| Decrement tables | April 1, 2016-<br>March 31, 2020<br>System's Experience | July 1, 2015-<br>June 30, 2020<br>System's Experience |
| Inflation rate | 2.50% | 2.40% |
| COLA's | 1.30% | 1.30% |

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

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by 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 as of March 31, 2022 are summarized as follows:

**Long Term Expected Rate of Return**

| | ERS | TRS |
|---|---|---|
| Measurement date | March 31, 2022 | June 30, 2021 |
| **Asset Type -** | | |
| Domestic equity | 3.30% | 6.80% |
| International equity | 5.85% | 7.60% |
| Global equity | 0.00% | 7.10% |
| Private equity | 6.50% | 10.00% |
| Real estate | 5.00% | 3.30% |
| Absolute return strategies * | 4.10% | 0.00% |
| Opportunistic portfolios | 4.10% | 0.00% |
| Real assets | 5.58% | 0.00% |
| Bonds and mortgages | 0.00% | 0.00% |
| Cash | -1.00% | 0.00% |
| Inflation-indexed bonds | -1.00% | 0.00% |
| Private debt | 0.00% | 5.90% |
| Real estate debt | 0.00% | 3.30% |
| High-yield fixed income securities | 0.00% | 3.80% |
| Domestic fixed income securities | 0.00% | 1.30% |
| Global fixed income securities | 0.00% | 0.08% |
| Short-term | 0.00% | 3.80% |
| Credit | 3.78% | 0.00% |

The real rate of return is net of the long-term inflation assumption of 2.50% for ERS and 2.40% for TRS.

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

## F. Discount Rate

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

## G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension 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-percentagepoint lower (4.90% for ERS and 5.95% for TRS ) or 1-percentage-point higher (6.90% for ERS and 7.95% for TRS) than the current assumption :

| ERS | 1% Decrease (4.90%) | Current Assumption (5.90%) | 1% Increase (6.90%) |
|---|---|---|---|
| Employer's proportionate share of the net pension asset (liability) | $ (5,163,923) | $ 2,006,195 | $ 8,003,652 |

| TRS | 1% Decrease (5.95%) | Current Assumption (6.95%) | 1% Increase (7.95%) |
|---|---|---|---|
| Employer's proportionate share of the net pension asset (liability) | $ 2,891,125 | $ 27,551,472 | $ 48,276,705 |

( XII. ) (Continued)

## H. Pension Plan Fiduciary Net Position

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

| | (In Thousands) | |
|---|---|---|
| | **ERS** | **TRS** |
| Measurement date | March 31, 2022 | June 30, 2021 |
| Employers' total pension liability | $ 223,874,888 | $ 130,819,415 |
| Plan net position | 232,049,473 | 148,148,457 |
| Employers' net pension asset/(liability) | $ 8,174,585 | $ 17,329,042 |
| Ratio of plan net position to the employers' total pension asset/(liability) | 103.65% | 113.20% |

## I. 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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to $259,451.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 amounted to $2,966,685.

# XIII. Postemployment 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* – At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 496 |
| Active Employees | 526 |
| **Total** | **1,022** |

## B. Total OPEB Liability

The District's total OPEB liability of $224,447,076 was measured as of March 31, 2022, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.25 |
| Salary Increases | 3.00 percent, average, including inflation |
| Discount Rate | 2.83 |
| Healthcare Cost Trend Rates | 7.0 percent for pre-65 medical, decreasing down to 3.784 percent in 2075 and 4.5 percent for post-65 Medical decreasing down to 3.784 percent in 2075 |
| Retirees' Share of Benefit-Related Costs | 20 percent of projected health insurance premiums for retirees |

The discount rate was based on the Fidelity General Obligation 20-year AA Municipal Bond index.

Mortality rates were based on the sex-distinct Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a generational basis.

## C. Changes in the Total OPEB Liability

| | |
|---|---|
| Balance at June 30, 2021 | $ 217,919,774 |
| Changes for the Year - | |
| Service cost | $ 7,687,990 |
| Interest | 5,253,306 |
| Differences between expected and actual experience | 8,553,749 |
| Changes in assumptions or other inputs | (9,491,026) |
| Benefit payments | (5,476,717) |
| Net Changes | $ 6,527,302 |
| **Balance at June 30, 2022** | **$ 224,447,076** |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.27 percent in 2021 to 2.83 percent in 2022.

*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 (1.83 percent) or 1-percentage-point higher (3.83 percent) than the current discount rate:

| | 1% Decrease (1.83%) | Discount Rate (2.83%) | 1% Increase (3.83%) |
|---|---|---|---|
| Total OPEB Liability | $ 265,939,988 | $ 224,447,076 | $ 191,459,274 |

*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:

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $ 185,918,251 | $ 224,447,076 | $ 274,840,146 |

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

For the year ended June 30, 2022, the District recognized OPEB expense of $15,101,441. At June 30, 2022, 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 |
|---|---|---|
| Differences between expected and actual experience | $ 7,235,760 | $ 9,336,984 |
| Changes of assumptions | 30,114,576 | 13,944,344 |
| Contributions after measurement date | 1,440,539 | - |
| **Total** | **$ 38,790,875** | **$ 23,281,328** |

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

| Year | |
|---|---|
| 2023 | $ 3,600,684 |
| 2024 | 3,600,684 |
| 2025 | 2,741,320 |
| 2026 | 3,614,420 |
| 2027 | 582,663 |
| 2028 | (70,763) |
| **Total** | **$ 14,069,008** |

## XIV. Risk Management

### A. General Information

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. 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.

### B. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2021-22 fiscal year totaled $2,052. The balance of the fund at June 30, 2022 was $47,698 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2022, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

### C. Self-Funded Medical Plan

The District participates in a self-funded medical plan administered through a third-party administrator. The Plan is referred to as a premium credit plan. The District pays actual claim expenses and administrative charges. The District also, has stop-loss insurance coverage on specific claims in excess of $275,000 within the plan year.

Liabilities are recorded when it is probable that an asset has been impaired, or a liability has been incurred and the amount of loss can be reasonably estimated.

The incurred but not reported claims (IBNR's) are fully funded and reported in the General Fund as part of the accrued liabilities balances at June 30, 2022.

A reconciliation of the claims recorded for 2022 and 2021 are as follows:

| | 2022 | 2021 |
|---|---|---|
| Beginning liabilities | $ 1,248,799 | $ 1,174,431 |
| Incurred claims | 15,984,706 | 15,842,153 |
| Claims payments | (16,000,169) | (15,767,785) |
| **Ending Liabilities** | **$ 1,233,336** | **$ 1,248,799** |

The District modified the estimate for determining the estimated IBNR from a three-year average to a five-year average adjusted for medical trend inflation to smooth out any significant variances due to large claims.

( XIV. ) (Continued)

The following statistical information is presented:

| Year | Contribution Revenue | Actual Claim Expense |
|---|---|---|
| 2022 | $ 16,000,169 | $ 15,984,706 |
| 2021 | $ 15,767,785 | $ 15,842,153 |
| 2020 | $ 17,499,222 | $ 16,234,552 |
| 2019 | $ 15,627,519 | $ 17,018,920 |
| 2018 | $ 15,466,972 | $ 15,317,974 |
| 2017 | $ 14,202,139 | $ 14,137,513 |
| 2016 | $ 9,592,973 | $ 9,543,752 |
| 2015 | $ 12,909,053 | $ 12,716,598 |

Contribution revenues consist of the expenditures charged to the funds plus the employee's payroll withholding plus the retiree's contribution. There are additional revenues which offset the claim expense such as rebates and refunds which are not included in contribution revenues.

The Plan has funded the incurred but not yet reported claims liability. The funding of this liability indicates that the plan's self-funded insurance program is fully funded.

## XV. Commitments and Contingencies

### A. Litigation

As of the balance sheet date there is litigation pending which is expected to be covered by insurance.

### B. Grants

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

## XVI. Rental of District Property

The District leases property, buses, and services to various organizations. Total rental income for the 2021-22 fiscal year totaled $89,550.

## XVII. Tax Abatement

The County of Chemung IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result, the District property tax revenue was reduced $1,123,575. The District received payment in lieu of tax (PILOT) payments totaling $529,999 to help offset the property tax reduction.

**XVIII. Subsequent Event**

On August 10, 2022 the District issued a Serial Bond in the amount of $1,200,000 at 3% interest which matures in 2027.

**XIX. COVID-19**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School's financial condition, liquidity, voter approved budgets, and future results of operations. Management is actively monitoring the global situation on its financial condition, budgets, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The School District was awarded three different stimulus packages known as Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA). New York State Required the CARES funds to be reported in the General fund, as an offset to state aid reductions, referred to as the Pandemic Adjustment, while the CRRSA and ARPA funds are required to be reported in the special aid fund.

The District received federal stimulus funding during the year which is included on the Schedule of Expenditures of Federal Awards on page 60 of this report.

**Required Supplementary Information**

**HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK**

**Schedule of Changes in District's Total OPEB Liability and Related Ratio**

**For The Year Ended June 30, 2022**

**TOTAL OPEB LIABILITY**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Service cost | $ 7,687,990 | $ 7,522,774 | $ 5,800,813 | $ 6,407,554 | $ 5,874,094 |
| Interest | 5,253,306 | 5,488,604 | 6,245,462 | 7,314,744 | 7,151,481 |
| Changes in benefit terms | - | (12,110,579) | (3,122,387) | (6,492,332) | (332,508) |
| Differences between expected and actual experiences | 8,553,749 | (201,987) | (16,510,750) | - | - |
| Changes of assumptions or other inputs | (9,491,026) | 6,314,873 | 42,686,928 | (13,648,698) | 6,454,364 |
| Benefit payments | (5,476,717) | (5,771,595) | (5,496,851) | (5,447,489) | (5,059,041) |
| **Net Change in Total OPEB Liability** | **$ 6,527,302** | **$ 1,242,090** | **$ 29,603,215** | **$ (11,866,221)** | **$ 14,088,390** |
| **Total OPEB Liability - Beginning** | **$ 217,919,774** | **$ 216,677,684** | **$ 187,074,469** | **$ 198,940,690** | **$ 184,852,300** |
| **Total OPEB Liability - Ending** | **$ 224,447,076** | **$ 217,919,774** | **$ 216,677,684** | **$ 187,074,469** | **$ 198,940,690** |
| Covered Employee Payroll | $ 37,839,666 | $ 33,059,492 | $ 35,357,846 | $ 33,930,680 | $ 32,912,432 |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 593.15% | 659.17% | 612.81% | 551.34% | 604.45% |

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**

**HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK**

**Schedule of the District's Proportionate Share of the Net Pension Liability**

**For The Year Ended June 30, 2022**

**NYSERS Pension Plan**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability (assets) | 0.0245% | 0.0214% | 0.0203% | 0.0214% | 0.0215% | 0.0212% | 0.0203% | 0.0205% |
| Proportionate share of the net pension liability (assets) | $ (2,006,195) | $ 21,281 | $ 5,382,340 | $ 1,519,539 | $ 695,069 | $ 1,989,479 | $ 3,254,449 | $ 692,909 |
| Covered-employee payroll | $ 7,335,718 | $ 6,678,786 | $ 6,160,804 | $ 6,214,694 | $ 6,198,285 | $ 5,911,576 | $ 5,404,301 | $ 5,784,364 |
| Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll | -27.348% | 0.319% | 87.364% | 24.451% | 11.214% | 33.654% | 60.220% | 11.979% |
| Plan fiduciary net position as a percentage of the total pension liability | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.70% | 97.90% |

**NYSTRS Pension Plan**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability (assets) | 0.1590% | 0.1561% | 0.1552% | 0.1534% | 0.1549% | 0.1539% | 0.1462% | 0.1496% |
| Proportionate share of the net pension liability (assets) | $ (27,551,472) | $ 4,313,840 | $ (4,032,577) | $ (2,774,130) | $ (1,177,467) | $ 1,647,922 | $ (15,190,299) | $ (16,593,570) |
| Covered-employee payroll | $ 27,815,649 | $ 26,988,916 | $ 26,581,927 | $ 25,908,427 | $ 24,999,629 | $ 24,542,853 | $ 23,747,221 | $ 21,967,468 |
| Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll | -99.050% | 15.984% | -15.170% | -10.707% | -4.710% | 6.714% | -63.967% | -75.537% |
| Plan fiduciary net position as a percentage of the total pension liability | 113.20% | 97.80% | 102.20% | 101.53% | 100.66% | 99.01% | 110.46% | 111.48% |

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

## Required Supplementary Information

## HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK

### Schedule of District Contributions

### For The Year Ended June 30, 2022

**NYSERS Pension Plan**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 1,122,453 | $ 921,870 | $ 848,834 | $ 887,208 | $ 912,617 | $ 894,861 | $ 888,249 | $ 1,112,593 |
| Contributions in relation to the contractually required contribution | (1,122,453) | (921,870) | (848,834) | (887,208) | (912,617) | (894,861) | (888,249) | (1,112,593) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll | $ 7,335,718 | $ 6,678,786 | $ 6,160,804 | $ 6,214,694 | $ 6,198,285 | $ 5,911,576 | $ 5,404,301 | $ 5,784,364 |
| Contributions as a percentage of covered-employee payroll | 15.30% | 13.80% | 13.78% | 14.28% | 14.72% | 15.14% | 16.44% | 19.23% |

**NYSTRS Pension Plan**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 2,966,685 | $ 2,792,591 | $ 2,541,115 | $ 2,922,602 | $ 2,610,358 | $ 3,040,542 | $ 3,281,163 | $ 3,974,360 |
| Contributions in relation to the contractually required contribution | (2,966,685) | (2,792,591) | (2,541,115) | (2,922,602) | (2,610,358) | (3,040,542) | (3,281,163) | (3,974,360) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll | $ 27,815,649 | $ 26,988,916 | $ 26,581,927 | $ 26,386,233 | $ 24,999,629 | $ 24,542,853 | $ 23,747,221 | $ 21,967,468 |
| Contributions as a percentage of covered-employee payroll | 10.67% | 10.35% | 9.56% | 11.08% | 10.44% | 12.39% | 13.82% | 18.09% |

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

# Required Supplementary Information
# HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK
## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
## For The Year Ended June 30, 2022

| | Original Budget | Amended Budget | Current Year's Revenues | Over (Under) Revised Budget |
|---|---|---|---|---|
| **REVENUES** | | | | |
| **Local Sources -** | | | | |
| Real property taxes | $ 36,376,771 | $ 36,376,771 | $ 36,510,831 | $ 134,060 |
| Real property tax items | 4,784,178 | 4,784,178 | 4,640,493 | (143,685) |
| Charges for services | 340,880 | 340,880 | 354,288 | 13,408 |
| Use of money and property | 180,000 | 180,000 | 112,559 | (67,441) |
| Sale of property and compensation for loss | 550,000 | 550,000 | 64,020 | (485,980) |
| Miscellaneous | 1,230,000 | 1,246,214 | 1,628,832 | 382,618 |
| **State Sources -** | | | | |
| Basic formula | 28,519,118 | 28,519,118 | 27,908,150 | (610,968) |
| Lottery aid | 5,400,000 | 5,400,000 | 5,775,522 | 375,522 |
| BOCES | 5,123,089 | 5,123,089 | 5,034,436 | (88,653) |
| Textbooks | 228,864 | 228,864 | 228,282 | (582) |
| All Other Aid - | | | | |
| Computer software | 131,399 | 131,399 | 131,400 | 1 |
| Library loan | 25,325 | 25,325 | 25,325 | - |
| Handicapped students | 100,000 | 100,000 | (7,910) | (107,910) |
| Other aid | - | - | 58,965 | 58,965 |
| **Federal Sources** | 150,000 | 150,000 | 252,405 | 102,405 |
| **TOTAL REVENUES** | $ 83,139,624 | $ 83,155,838 | $ 82,717,598 | $ (438,240) |
| **Other Sources -** | | | | |
| Transfer - in | $ 902,919 | $ 902,919 | $ 969,291 | $ 66,372 |
| **TOTAL REVENUES AND OTHER SOURCES** | $ 84,042,543 | $ 84,058,757 | $ 83,686,889 | $ (371,868) |
| Appropriated reserves | $ 600,200 | $ 10,600,200 | | |
| Appropriated fund balance | $ 1,000,000 | $ 1,236,763 | | |
| Prior year encumbrances | $ 418,324 | $ 418,324 | | |
| **TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE** | **$ 86,061,067** | **$ 96,314,044** | | |

## Required Supplementary Information
## HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK
### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
### For The Year Ended June 30, 2022

| | Original Budget | Amended Budget | Current Year's Expenditures | Encumbrances | Unencumbered Balances |
|---|---|---|---|---|---|
| **EXPENDITURES** | | | | | |
| **General Support -** | | | | | |
| Board of education | $ 30,538 | $ 31,697 | $ 29,662 | $ - | $ 2,035 |
| Central administration | 325,028 | 326,906 | 318,940 | 850 | 7,116 |
| Finance | 1,005,436 | 1,000,151 | 897,505 | 1,001 | 101,645 |
| Staff | 781,308 | 747,045 | 712,385 | 750 | 33,910 |
| Central services | 6,731,548 | 7,072,238 | 6,568,787 | 80,231 | 423,220 |
| Special items | 1,934,887 | 1,949,330 | 1,948,080 | - | 1,250 |
| **Instructional -** | | | | | |
| Instruction, administration and improvement | 3,298,886 | 3,203,331 | 2,894,586 | 7,439 | 301,306 |
| Teaching - regular school | 20,703,935 | 20,122,980 | 19,028,131 | 101,402 | 993,447 |
| Programs for children with handicapping conditions | 9,780,286 | 8,952,119 | 8,014,964 | 1,685 | 935,470 |
| Occupational education | 2,733,653 | 2,732,856 | 2,665,310 | - | 67,546 |
| Teaching - special schools | 3,090 | 6,722 | 6,722 | - | - |
| Instructional media | 1,697,893 | 1,946,056 | 1,832,046 | 4,406 | 109,604 |
| Pupil services | 3,814,395 | 4,009,377 | 3,879,401 | 3,150 | 126,826 |
| **Pupil Transportation** | 3,563,329 | 4,059,298 | 3,998,659 | 20,755 | 39,884 |
| **Employee Benefits** | 22,592,655 | 22,439,805 | 20,734,364 | - | 1,705,441 |
| **Debt service - principal** | 4,377,200 | 4,985,424 | 4,985,424 | - | - |
| **Debt service - interest** | 1,002,000 | 1,006,796 | 980,075 | - | 26,721 |
| **TOTAL EXPENDITURES** | $ 84,376,067 | $ 84,592,131 | $ 79,495,041 | $ 221,669 | $ 4,875,421 |
| **Other Uses -** | | | | | |
| Transfers - out | $ 1,685,000 | $ 11,721,913 | $ 11,721,913 | $ - | $ - |
| **TOTAL EXPENDITURES AND OTHER USES** | $ 86,061,067 | $ 96,314,044 | $ 91,216,954 | $ 221,669 | $ 4,875,421 |
| **NET CHANGE IN FUND BALANCE** | **$ -** | **$ -** | **$ (7,530,065)** | | |
| **FUND BALANCE, BEGINNING OF YEAR** | 20,691,109 | 20,691,109 | 20,691,109 | | |
| **FUND BALANCE, END OF YEAR** | **$ 20,691,109** | **$ 20,691,109** | **$ 13,161,044** | | |

**Note to Required Supplementary Information:**

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

**Supplementary Information**

## HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK

## Schedule of Change From Adopted Budget To Final Budget
## And The Real Property Tax Limit
## For The Year Ended June 30, 2022

### CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

| | | |
|---|---|---|
| Adopted budget | $ | 85,642,743 |
| Prior year's encumbrances | | 418,324 |
| **Original Budget** | $ | 86,061,067 |
| Budget revisions - | | |
| Donations and reimbursements | | 16,214 |
| Insurance recoveries | | 236,763 |
| Capital reserve transfer | | 10,000,000 |
| **FINAL BUDGET** | **$** | **96,314,044** |

### SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

| | | | | |
|---|---|---|---|---|
| 2022-23 voter approved expenditure budget | | | $ | 88,470,543 |
| Unrestricted fund balance: | | | | |
| Assigned fund balance | $ | 1,221,669 | | |
| Unassigned fund balance | | 3,538,819 | | |
| Total Unrestricted fund balance | $ | 4,760,488 | | |
| Less adjustments: | | | | |
| Appropriated fund balance | $ | 1,000,000 | | |
| Encumbrances included in assigned fund balance | | 221,669 | | |
| Total adjustments | $ | 1,221,669 | | |
| General fund fund balance subject to Section 1318 of Real Property Tax Law | | | | 3,538,819 |
| **ACTUAL PERCENTAGE** | | | | **4.00%** |

**Supplementary Information**

## HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK

## CAPITAL PROJECTS FUND

### Schedule of Project Expenditures

### For The Year Ended June 30, 2022

| | | | Expenditures | | | | Methods of Financing | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Project Title** | **Original Appropriation** | **Revised Appropriation** | **Prior Years** | **Current Year** | **Total** | **Unexpended Balance** | **Local Sources** | **Transfers** | **Total** | **Fund Balance** |
| Unspent capital outlay projects | $ - | $ - | $ - | $ - | $ - | $ - | $ 272,920 | $ (272,919) | $ 1 | $ 1 |
| 2013-14 Capital Project | 1,300,000 | 1,300,000 | 1,293,700 | - | 1,293,700 | 6,300 | 1,300,000 | - | 1,300,000 | 6,300 |
| 2017-18 Capital Project | 94,685,637 | 94,685,637 | 63,803,305 | 18,440,201 | 82,243,506 | 12,442,131 | 15,005,000 | - | 15,005,000 | (67,238,506) |
| 2019-20 Capital Project | 1,000,000 | 1,000,000 | 565,980 | 367,649 | 933,629 | 66,371 | 1,000,000 | (66,371) | 933,629 | - |
| 2020-21 Capital Project | 1,000,000 | 1,000,000 | - | 382,817 | 382,817 | 617,183 | 2,000,000 | - | 2,000,000 | 1,617,183 |
| Horseheads 2030: Continuing our Build | 122,254,993 | 122,254,993 | - | 3,983 | 3,983 | 122,251,010 | 10,000,000 | - | 10,000,000 | 9,996,017 |
| Center St Project | 1,400,000 | 1,400,000 | - | 197,474 | 197,474 | 1,202,526 | 197,474 | - | 197,474 | - |
| Annual Gardner Rd Project | 400,000 | 400,000 | - | 22,746 | 22,746 | 377,254 | 400,000 | - | 400,000 | 377,254 |
| **TOTAL** | **$ 222,040,630** | **$ 222,040,630** | **$ 65,662,985** | **$ 19,414,870** | **$ 85,077,855** | **$ 136,962,775** | **$ 30,175,394** | **$ (339,290)** | **$ 29,836,104** | **$ (55,241,751)** |

Supplementary Information

**HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK**

**Combining Balance Sheet - Nonmajor Governmental Funds**

**June 30, 2022**

| | Special Revenue Funds | | | | |
|---|---|---|---|---|---|
| | Special Aid Fund | School Lunch Fund | Miscellaneous Special Revenue Fund | Debt Service Fund | Total Nonmajor Governmental Funds |
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 116,644 | $ 1,206,467 | $ 155,596 | $ 4,941,369 | $ 6,420,076 |
| Receivables | 1,197,346 | 484,773 | - | - | 1,682,119 |
| Inventories | - | 96,671 | - | - | 96,671 |
| Due from other funds | - | - | 26,740 | 1,669 | 28,409 |
| **TOTAL ASSETS** | **$ 1,313,990** | **$ 1,787,911** | **$ 182,336** | **$ 4,943,038** | **$ 8,227,275** |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **Liabilities -** | | | | | |
| Accounts payable | $ 674 | $ 170 | $ - | $ - | $ 844 |
| Accrued liabilities | 663 | 441 | - | - | 1,104 |
| Due to other funds | 969,635 | 215,880 | - | - | 1,185,515 |
| Due to other governments | - | 785 | - | - | 785 |
| Unearned revenue | 343,018 | 116,121 | - | - | 459,139 |
| **TOTAL LIABILITIES** | **$ 1,313,990** | **$ 333,397** | **$ -** | **$ -** | **$ 1,647,387** |
| **Fund Balances -** | | | | | |
| Nonspendable | $ - | $ 96,671 | $ - | $ - | $ 96,671 |
| Restricted | - | - | 35,138 | 4,943,038 | 4,978,176 |
| Assigned | - | 1,357,843 | 147,198 | - | 1,505,041 |
| **TOTAL FUND BALANCE** | **$ -** | **$ 1,454,514** | **$ 182,336** | **$ 4,943,038** | **$ 6,579,888** |
| **TOTAL LIABILITIES AND FUND BALANCES** | **$ 1,313,990** | **$ 1,787,911** | **$ 182,336** | **$ 4,943,038** | **$ 8,227,275** |

## Supplementary Information

## HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK

## Combined Revenues, Expenditures and Changes in Fund Balances

## Nonmajor Governmental Funds

## For The Year Ended June 30, 2022

| | Special Revenue Fund | | | | |
|---|---|---|---|---|---|
| | **Special Aid Fund** | **School Lunch Fund** | **Miscellaneous Special Revenue Fund** | **Debt Service Fund** | **Total Nonmajor Governmental Funds** |
| **REVENUES** | | | | | |
| Use of money and property | $ - | $ 654 | $ 172 | $ 16,035 | $ 16,861 |
| Miscellaneous | 639,864 | 19,121 | 18,921 | - | 677,906 |
| State sources | 752,671 | 108,807 | - | - | 861,478 |
| Federal sources | 3,276,511 | 2,292,816 | - | - | 5,569,327 |
| Sales | - | 186,574 | - | - | 186,574 |
| **TOTAL REVENUES** | **$ 4,669,046** | **$ 2,607,972** | **$ 19,093** | **$ 16,035** | **$ 7,312,146** |
| **EXPENDITURES** | | | | | |
| Instruction | $ 4,211,951 | $ - | $ - | $ - | $ 4,211,951 |
| Pupil transportation | 86,919 | - | - | - | 86,919 |
| Employee benefits | 290,077 | 430,690 | - | - | 720,767 |
| Cost of sales | - | 876,424 | - | - | 876,424 |
| Other expenses | - | 1,080,213 | 4,400 | - | 1,084,613 |
| **TOTAL EXPENDITURES** | **$ 4,588,947** | **$ 2,387,327** | **$ 4,400** | **$ -** | **$ 6,980,674** |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | $ 80,099 | $ 220,645 | $ 14,693 | $ 16,035 | $ 331,472 |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers - in | $ 117,375 | $ 204,538 | $ - | $ - | $ 321,913 |
| Transfers - out | (197,474) | - | - | (630,000) | (827,474) |
| Premium on obligations issued | - | - | - | 863,636 | 863,636 |
| **TOTAL OTHER FINANCING SOURCES (USES)** | **$ (80,099)** | **$ 204,538** | **$ -** | **$ 233,636** | **$ 358,075** |
| **NET CHANGE IN FUND BALANCE** | **$ -** | **$ 425,183** | **$ 14,693** | **$ 249,671** | **$ 689,547** |
| **FUND BALANCE, BEGINNING OF YEAR** | - | 1,029,331 | 167,643 | 4,693,367 | 5,890,341 |
| **FUND BALANCE, END OF YEAR** | **$ -** | **$ 1,454,514** | **$ 182,336** | **$ 4,943,038** | **$ 6,579,888** |

**Supplementary Information**

**HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK**

**Net Investment in Capital Assets/Right to Use Assets**

**For The Year Ended June 30, 2022**

| | | |
|---|---|---|
| **Capital assets/right to use assets, net** | | $ 136,651,616 |
| **Deduct:** | | |
| Bond payable | $ 4,710,000 | |
| Leases | 88,683 | |
| Assets purchased with short-term financing | 67,238,506 | |
| Retainage payable | 2,910,949 | |
| | | 74,948,138 |
| **Net Investment in Capital Assets/Right to Use Assets** | | **$ 61,703,478** |

Supplementary Information

**HORSEHEADS CENTRAL SCHOOL DISTRICT, NEW YORK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For The Year Ended June 30, 2022**

| Grantor / Pass - Through Agency<br>Federal Award Cluster / Program | Assistance Lising Number | Grantor Number | Pass-Through Agency Number | | Total Expenditures |
|---|---|---|---|---|---|
| **U.S. Department of Education:** | | | | | |
| **Indirect Programs:** | | | | | |
| **Passed Through NYS Education Department -** | | | | | |
| **Special Education Cluster IDEA -** | | | | | |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | N/A | 0032-22-0121 | $ | 1,073,890 |
| Special Education - Preschool Grants (IDEA Preschool) | 84.173 | N/A | 0033-22-0121 | | 24,384 |
| ***Total Special Education Cluster IDEA*** | | | | $ | 1,098,274 |
| **Education Stabilization Fund -** | | | | | |
| ESSER III | 84.425U | N/A | 5880-21-0415 | $ | 164,145 |
| ARP SLR Learning Loss | 84.425U | N/A | 5884-21-0415 | | 123,226 |
| ESSER II | 84.425D | N/A | 5891-21-0415 | | 949,950 |
| GEER II | 84.425C | N/A | 5896-21-0415 | | 301,961 |
| ***Total Education Stabilization Fund*** | | | | $ | 1,539,282 |
| Title IIA - Supporting Effective Instruction State Grant | 84.367 | N/A | 0147-21-0415 | | 1,358 |
| Title IIA - Supporting Effective Instruction State Grant | 84.367 | N/A | 0147-22-0415 | | 85,218 |
| Title IV - Student Support and Enrichment Program | 84.424 | N/A | 0204-22-0415 | | 35,892 |
| Title I - School Improvement | 84.010 | N/A | 0011-22-3066 | | 14,250 |
| Title I - Grants to Local Educational Agencies | 84.010 | N/A | 0021-22-0415 | | 502,237 |
| **Total U.S. Department of Education** | | | | **$** | **3,276,511** |
| **U.S. Department of Agriculture:** | | | | | |
| **Indirect Programs:** | | | | | |
| **Passed Through NYS Education Department -** | | | | | |
| **Child Nutrition Cluster -** | | | | | |
| National School Lunch Program | 10.555 | N/A | D039 | $ | 1,651,154 |
| National School Lunch Program-Non-Cash Assistance (Commodities) | 10.555 | N/A | D039 | | 166,918 |
| National School Breakfast Program | 10.553 | N/A | D039 | | 304,731 |
| ***Total Child Nutrition Cluster*** | | | | $ | 2,122,803 |
| Emergency Operational Costs | 10.555 | N/A | D039 | | 165,205 |
| Pandemic EBT Administrative Costs | 10.649 | N/A | D039 | | 4,808 |
| **Total U.S. Department of Agriculture** | | | | **$** | **2,292,816** |
| **TOTAL EXPENDITURES OF FEDERAL AWARDS** | | | | **$** | **5,569,327** |

MENGEL METZGER BARR & CO. LLP
Certified Public Accountants

**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***

**<u>Independent Auditors' Report</u>**

To the Board of Education
Horseheads Central School District, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Horseheads Central School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 12, 2022.

***Internal Control over Financial Reporting***

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



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***Compliance and Other Matters***

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

***Purpose of this Report***

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

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
September 12, 2022