PRELIMINARY OFFICIAL STATEMENT

NEW AND RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that 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 tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

The District will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$22,400,000

MONTICELLO CENTRAL SCHOOL DISTRICT

SULLIVAN COUNTY, NEW YORK

GENERAL OBLIGATIONS

$22,400,000 Bond Anticipation Notes, 2023

(the "Notes")

Dated: June 27, 2023 **Due: June 27, 2024**

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

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as registered book-entry-only notes or registered in the name of the purchaser in certificated 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. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of $5,000 or multiples thereof, as may be determined by such successful bidder(s).

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon on with the purchaser(s), on or about June 27, 2023.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on June 6, 2023 by no later than 10:45 A.M. Prevailing Time. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

May 25, 2023

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

MONTICELLO CENTRAL SCHOOL DISTRICT
SULLIVAN COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2022-2023 BOARD OF EDUCATION

TIMOTHY CRUMLEY
President

ADRIANNA MAYSON-GRECO
Vice President

VICTORIA LARUSSO
TODD GRODIN
JENNIFER HOLMES
HELEN JERSEY
WENDY GALLIAGN-WEINER
LYNKA RIVERA
ASHLEY RIELLY

* * * * * * * * *

DR. MATTHEW EVANS
Superintendent of Schools

LISA FAILLA
Assistant Superintendent for Business

ELIZABETH TERWILLIGER
Accountant / District Treasurer

GUERCIO & GUERCIO, LLP
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE, LLP.
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

MONTICELLO CENTRAL SCHOOL DISTRICT
SULLIVAN COUNTY, NEW YORK

Relating To

$22,400,000 Bond Anticipation Notes, 2023

This Official Statement, which includes the cover page and appendices, has been prepared by the Monticello Central School District, Sullivan County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $22,400,000 principal amount of Bond Anticipation Notes, 2023 (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

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

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

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

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

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

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

> "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, ensuring the availability of the levy of property tax revenues to pay debt service. As the *Flushing National Bank* (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in *Flushing National Bank v. Municipal Assistance Corp.*, 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in *Quirk*, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

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

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

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

THE NOTES

Description of the Notes

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

The Notes are dated June 27, 2023 and mature, without option of prior redemption, on June 27, 2024. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in denominations of $5,000 each or multiples thereof, in either (i) registered in the name of the purchaser, in certificated form with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) as registered book-entry-only notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, pursuant to a bond resolution duly adopted by the Board of Education on August 8, 2019, authorizing a capital project for the construction of additions to and reconstruction of various District buildings and facilities and construction of a new bus garage at a maximum cost of $54,000,000, with the cost being funded with $4,000,000 of capital reserves and $50,000,000 of serial bonds.

The proceeds of the Notes, along with $1,257,500 available funds of the District, will partially redeem and renew a portion of the $42,492,500 bond anticipation notes maturing June 28, 2023, and will provide $5,000,000 in new monies, for the aforementioned purpose. The remainder of the currently outstanding $42,492,500 bond anticipation notes is to be permanently financed with the issuance of serial bonds through the Dormitory Authority of the State of New York in June 2023.

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, a limited-purpose trust company organized under the New York Banking Law, is 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.

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

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

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

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

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM 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 OR REDEMPTION PREMIUM 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 in Certain Circumstances

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

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

THE SCHOOL DISTRICT

General Information

The District, with an approximate land area of 190 square miles, lies 100 miles southwest of Albany and 90 miles northwest of New York City, in the southern sector of the Catskill Mountains. The District includes most of the Towns of Bethel, Fallsburg, Forestburgh, Mamakating and Thompson in Sullivan County.

Major highways within or in close proximity to the School District include Route 17 (The Southern Tier Expressway) which runs east-west and connects with Interstate 90 near Erie, Pennsylvania and Interstate Route 87, which extends north to Canada and south to New York City. The District also encompasses New York State Routes 55, 42 and 17B. Air transportation through the Sullivan County Airport is provided by various national and regional airlines. Electric service is provided by the New York State Electric and Gas. Sewer and water services are provided in the District by the municipalities located in the District. Police protection is provided by Town, County and State agencies. Fire protection is provided by various volunteer units.

Recent economic developments include the construction by Resorts World Catskills of an indoor water park which opened in 2019 and construction of a Rees Jones redesigned golf course which is expected to open in the summer of 2023. Additionally, Marshalls opened a retail location in Monticello in May 2021. The Center for Discovery recently purchased the vacant Frontier Insurance building and plans to renovate it into an autism research center and hospital for their clients. Currently two multi-unit residential middle income apartment complexes are under review at the planning board for the Village of Monticello.

Source: District officials.

Population

The current estimated population of the District is 22,740. (Source: 2017-2021 U.S. Census Bureau American Community Survey 5-Year Estimates.)

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2006-2010	2016-2020	2017-2021	2006-2010	2016-2020	2017-2021
Towns of:						
Bethel	$ 24,777	$ 35,526	$ 36,793	$ 61,290	$ 76,250	$ 90,921
Fallsburg	16614	28,470	24,167	50,536	61,409	64,279
Forestburgh	44,186	64,444	73,167	90,000	120,804	129,107
Mamakating	28,333	36,861	36,952	75,140	93,952	96,594
Thompson	19,439	30,022	31,423	59,256	66,234	64,124
County of:						
Sullivan	23,422	32,346	33,037	63,506	72,302	76,031
State of:						
New York	30,948	40,898	43,208	67,405	87,270	92,731

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

Source: 2006-2010, 2016-2020, and 2017-2021 5-Year American Community Survey data.

Larger Employers

Name of Organization	Industry or Business	Number of Employees
SDTC Center for Discovery	Retail	1,700
Resorts World Catskills	Hotel/Gaming	1,307
NYSARC Inc.	Non-Profit	1,007
Sullivan County	County Government	959
Monticello Central School District	Public School	746
Catskill Regional Medical Center	Hospital	710
New Hope Community, Inc.	Non-Profit	578
Kartrite Water Park	Hotel/Entertainment	450
Liberty Central School	Public School	437
Sullivan Correctional Facility	Correctional Facility	429

Sources: District officials.

Unemployment Rate Statistics

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

	Annual Averages						
	2016	2017	2018	2019	2020	2021	2022
Sullivan County	5.4%	4.9%	4.1%	3.8%	8.4%	4.9%	3.3%
New York State	4.9	4.6	4.1	3.9	9.8	7.0	4.3

	2022 Monthly Figures				
	Jan	Feb	Mar	Apr	May
Sullivan County	3.9%	3.6%	3.2%	N/A	N/A
New York State	4.6	4.5	4.0	N/A	N/A

Source: Department of Labor, State of New York and U.S. Bureau of Labor Statistics. (Note: Figures not seasonally adjusted).

Note: Figures in this section are historical and do not speak as to current or projected employment rates.

District Organization

The District is an independent entity governed by an elected board of education comprised of nine members with overlapping three-term 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 District and no Board member may hold certain other District offices or positions while serving on the Board of Education. The President and the Vice President are elected by the Board members. District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District include the General Municipal Law, the Local Finance Law and the Real Property Tax Law.

The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

The Board of Education appoints the Superintendent of Schools who serves at the pleasure of the Board. Such superintendent is the chief executive officer of the District and the education system. In addition, the Superintendent is an ex-official member of the Board of Education with the right to speak on all matters before the Board but not to vote. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board of Education. Also, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Assistant Superintendent for Business.

Budgetary Procedures

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 third Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e., a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). Clarification may be needed to determine whether a Board of Education must adopt a budget that requires the same tax levy amount as used in the prior fiscal year, or whether changes to the levy are permitted for such purposes as the permitted school district exclusions or the tax base growth factor. For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION LAW" herein.

Recent Budget Vote Results

The adopted budget for the 2022-2023 fiscal year was approved by qualified voters on May 17, 2022 by a vote of 607 to 327. The budget called for no change in total tax levy, which is below the District's Tax Cap of 3.94% for the 2022-2023 fiscal year.

The budget for the 2023-24 fiscal year was approved by qualified voters on May 16, 2023 by a vote of 851 to 242. The budget called for a total tax levy increase of 0.00%, which was below the District tax levy limit of 2.91%.

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the District has an investment policy applicable to the investment of all moneys and financial resources of the District. The responsibility for the investment program has been delegated by the Board of Education to the Assistant Superintendent for Business who was required to establish written operating procedures consistent with the District's investment policy guidelines. According to the investment policy of the District, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

Authorized Investments. The District has designated two banks or trust companies which are located and authorized to conduct business in the State to receive deposits of money. The District is permitted to invest in special time deposits or certificates of deposit. In addition, the District has authorized pooled investments with MBIA/CLASS and utilizes Deutsche Bank of the Americas as an escrow agent for refunded bonds.

In addition to bank deposits, the District is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the District include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the District (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the District but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The District may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the District, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State.

Collateral Requirements. All District deposits in excess of the applicable insurance coverage provide by the Federal Deposit Insurance Act must be secured in accordance with the provisions of and subject to the limitations of Section 10 of the General Municipal Law of the State. Such collateral must consist of the "eligible securities," "eligible surety bonds" or "eligible letter of credit" as described in the law.

Eligible securities pledged to secure deposits must be held by the depository or third-party bank or trust company pursuant to written security and custodial agreements. The District's security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection such deposits in the event of a default. Securities not registered or inscribed in the name of the District must be delivered, in a form suitable for transfer or with an assignment in blank, to the District or its designated custodial bank. The custodial agreements used by the District provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability. The custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

An eligible irrevocable letter of credit may be issued, in favor of the District, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with commercial paper or other unsecured or short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or a bank that is in compliance with applicable Federal minimum risk-based capital requirements.

An eligible surety bond must be underwritten by an insurance company authorized to do business in the State which has claims paying ability rated in the highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the District in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2023-2024 fiscal year, approximately 51.00% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

Federal Aid Received by the State

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

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

The District has been allocated $10,997,774 under the American Rescue Plan (ARP) $4,893,375 under the Coronavirus Response and Relief Supplement Appropriations Act (CRRSA). The District has received $1,566,407 ARP Funds and $1,531,262 CRRSA funds as of June 30, 2022.

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 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 2023-2024 preliminary building aid ratios, the District expects State Building aid of approximately 63.9% for 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 (2018-2019): The State 2018-19 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at $26.03 billion statewide, a 3.4% increase over the last year. The State 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected.

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

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent 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 $27.9 billion, an annual increase of approximately $100 million or 0.4 percent. 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 was continued under existing aid formulas. Out-year growth in School Aid reflects current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by $1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled $27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately $100 million or 0.4 percent 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.

School district fiscal year (2021-2022): The State's 2021-22 Budget includes $29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a $1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget includes the use of $13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which includes, in part, the allocation of $629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, $105 million of federal funds are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are to be reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year.

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget provided $31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. 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 programmed $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 Budget for fiscal 2023-24 was enacted on May 2, 2023 and provides for a total of $34 billion in State funding to school districts for the 2023-24 school year. The enacted budget for fiscal 2023-24 represents a $3.2 billion or 10.4% increase in State funding for education, and includes a $2.629, or 12.3% percent Foundation Aid increase.

State Aid Litigation

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

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

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments. The final phase of foundation aid is now scheduled to occur as listed on the following page.

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 Kathy Hochul announced that the State has reached an agreement to settle and discontinue the *New Yorkers for Students' Educational Rights v. New York State* case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this funding. The litigation, which commenced in 2014, sought to require the State to fully fund the Foundation Aid formula that was put into place following the historic *Campaign for Fiscal Equity* cases, and had been previously opposed by the State. Foundation Aid was created in 2007, and takes school district wealth and student need into account to create an equitable distribution of State funding to schools. However, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of currently anticipated Foundation Aid funding is listed 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.

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 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.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for the below fiscal comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2017-2018	$ 83,212,026	$ 35,969,335	43.23%
2018-2019	86,218,046	36,950,284	42.86
2019-2020	87,634,279	38,082,141	43.46
2020-2021	88,247,551	36,775,010	41.67
2021-2022	89,349,248	40,362,075	45.17
2022-2023 (Budgeted)	93,884,863	45,150,791	48.09
2023-2024 (Budgeted)	97,886,695	49,919,006	51.00

Source: Audited Financial Statements for the 2017-2018 through 2021-2022 fiscal years, and the adopted budgets for the 2022-2023 and 2023-24 fiscal years. This table is not audited.

School Facilities

Name	Grades	Capacity	Year(s) Built, Reconstruction
Middle/High School	6-12	902	1967, ’01, ’10
Chase Elementary School	K-5	160	1959, ’84, ’89, ’10
Duggan Elementary School	unoccupied	497	1951, ’59, ’89, ’10
Cooke Elementary School	K-5	216	1959, ’89, ’10
Rutherford Elementary School	K-5	432	1959, ’89

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2018-19	2,878	2023-24	2.680
2019-20	2,787	2024-25	2,660
2020-21	2,791	2025-26	2,640
2021-22	2,714	2026-27	2,620
2022-23	2,690	2027-28	2,600

Source: District officials.

Employees

The District employs a total of 664 full-time employees. Employees who are represented by various unions and the associated contract expiration dates are as follows:

Employees	Union Representation	Contract Expiration Date
320	Teachers’ Association	June 30, 2024
75	Bus Drivers’/Monitors/Mechanics Association	June 30, 2021 [(1)]
56	Teachers’ Aides Association	June 30, 2024
41	Custodians’ Association	June 30, 2021 [(1)]
44	Teaching Assistants Association	June 30, 2022 [(1)]
37	Secretaries’ Association	June 30, 2026
29	Managerial/Confidential Staff	N/A
20	Cafeteria Workers’ Association	June 30, 2021 [(1)]
18	Administrators’ Association	June 30, 2024
4	Facilities and Operations Supervisors’	N/A
5	Transportation Supervisors’	N/A
3	District Administrators	N/A

[(1)] Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement 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.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

The District is required to make contributions to the Retirement Systems at an actuarially determined rate. Recent contributions are as follows:

Fiscal Year	ERS	TRS
2018-2019	$ 1,000,602	$ 3,285,433
2019-2020	1,055,428	2,802,076
2020-2021	1,251,669	3,026,571
2021-2022	1,167,121	3,240,802
2022-2023	1,290,522	3,108,519
2023-2024 (Budgeted)	1,343,600	3,317,125

Source: District records.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2019-20 to 2023-24) is shown below:

Year	ERS	TRS
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 (1)

(1) Estimated.

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

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

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

Stable Rate Pension Contribution Option. The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 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 is not participating in the Stable Rate Pension Contribution Option, nor does it intend to do so in the foreseeable future.

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.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has not established a TRS reserve fund.

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 contracted with Capital Region BOCES Actuarial Services COSER to calculate its actuarial valuation under GASB 75 for the below fiscal years. The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Balance beginning at June 30:	2020	2021
Changes for the year:	$ 97,368,355	$ 110,502,000
Service cost	4,713,265	5,860,408
Interest	2,232,191	2,490,921
Differences between expected and actual experience	(1,698,047)	1,705,841
Changes in assumptions or other inputs	10,067,181	(25,663,020)
Changes of benefit terms	(14,055)	-
Benefit payments	(2,166,890)	(2,095,215)
Net Changes	$ 13,133,645	$ (17,701,065)
Balance ending at June 30:	2021	2022
	$ 110,502,000	$ 92,800,935

Note: The above table is not audited. For additional information see "APPENDIX – D" attached hereto.

The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the District's audited financial statements for the fiscal years ending June 30, 2019 and June 30, 2020.

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.

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

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

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.

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". Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

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

Cooper Arias, LLP, the independent auditor for the District, 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. Cooper Arias, LLP also has not performed any procedures relating to this Official Statement.

New York State Comptroller Report of Examination

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

The State Comptroller's office released its most recent audit report of the District on April 10, 2020. The purpose of the audit was to determine whether the Board and District officials properly managed the general funds fund balance. Key findings and recommendations of the audit report are summarized below:

<u>Key Findings</u>

- The Board overestimated appropriations from 2016-17 through 2018-19, helping result in $12.1 million in appropriated fund balance not being used to finance operations.
- The District's recalculated surplus fund balance exceeded the statutory limit each of the last three fiscal years by 12.3 to 16.3 percentage points.
- As of June 30, 2019, the District overfunded one reserve by $820,000.

Key Recommendations

- Adopt budgets that include reasonable estimates for appropriations and the amount of fund balance that will be used to fund operations.
- Review debt service and reserve funds and reduce balances to reasonable levels as necessary in accordance with applicable statutes.
- Reduce surplus fund balance in a manner that benefits District residents.

A copy of the complete report can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are currently no State Comptrollers audits of the District currently in progress or pending release.

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

Fiscal Year Ending In	Stress Designation	Fiscal Score
2022	No Designation	0.0
2021	No Designation	0.0
2020	No Designation	0.0

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein. Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

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TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
Towns of:					
Bethel	$ 349,085,235	$ 351,045,885	$ 354,019,854	$ 358,664,156	$ 363,761,527
Fallsburg	7,279,621	9,687,250	10,552,623	11,111,377	14,289,828
Forestburgh	196,610,660	192,612,542	190,679,416	191,122,046	192,921,461
Mamakating	203,458,685	203,335,330	203,523,633	208,054,223	204,210,644
Thompson	1,151,419,849	1,147,321,433	1,161,301,145	1,163,466,387	1,180,015,335
Total Assessed Values	$ 1,907,854,050	$ 1,904,002,440	$ 1,920,076,671	$ 1,932,418,189	$ 1,955,198,795
State Equalization Rates					
Towns of:					
Bethel	68.00%	61.00%	58.00%	58.00%	50.30%
Fallsburg	59.50%	59.00%	54.70%	52.70%	44.62%
Forestburgh	100.00%	100.00%	100.00%	100.00%	88.00%
Mamakating	63.78%	61.85%	59.00%	59.00%	45.50%
Thompson	86.00%	80.60%	74.50%	72.00%	62.00%
Total Taxable Full Valuation	$ 2,380,067,007	$ 2,536,747,977	$ 2,724,099,083	$ 2,799,152,542	$ 3,326,503,638

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
Towns of:					
Bethel	$ 26.95	$ 28.42	$ 28.16	$ 26.81	$ 26.02
Fallsburg	30.80	29.39	29.86	29.51	29.34
Forestburgh	18.33	17.34	16.33	15.50	14.88
Mamakating	28.74	28.03	27.68	26.36	28.77
Thompson	21.31	21.51	21.91	21.60	21.11

Tax Collection Procedure

School taxes are levied by the Board of Education after the adoption of the final budget and completion of the assessment rolls. Such taxes are collected for the District by the tax receivers of the various towns. Taxes can be paid in three installments. Payments may be made without penalty until the 30th of September. A 1% penalty is added to all taxes paid during the month of October and a 2% penalty from November 1 to November 19. After the last collection date in November, the tax receivers return the tax rolls, the warrant and statement of the unpaid taxes to the District. The Board of Education certifies the statement of unpaid taxes and transmits the statement and certification to the County by December 3. Unpaid school taxes are re-levied by the County against the respective property owners. Amounts so re-levied are included in the next tax bill issued by the County. The County must remit the full amount of the unpaid taxes to the District by April 1 of the year following the tax levy. The District thus receives 100% of its taxes in the fiscal year in which such taxes were levied.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
Total Tax Levy	$ 43,620,220	$ 43,982,819	$ 44,493,025	$ 43,576,655	$ 43,576,655
Amount Uncollected (1)	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

(1) The District receives 100% of its tax levy each year. See “Tax Collection Procedure” herein.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2017-2018	$ 83,212,026	$ 44,446,920	53.41%
2018-2019	86,218,046	45,955,835	53.30
2019-2020	87,634,279	46,341,013	52.88
2020-2021	88,247,551	46,783,208	53.01
2021-2022	89,349,248	45,605,389	51.04
2022-2023 (Budgeted)	93,884,863	45,963,072	48.96
2023-2024 (Budgeted)	97,886,695	43,576,655	44.52

Source: Audited Financial Statements for the 2017-2018 through 2021-2022 fiscal years, and the adopted budgets for the 2022-2023 and 2023-24 fiscal years. This table is not audited.

Larger Taxpayers 2022 Assessment for 2022-2023 Tax Roll

Name	Type	Taxable Full Valuation
NYS Electric and Gas	Utility	$ 64,140,298
Monticello Raceway Mgmt.	Raceway/Racino	35,829,194
Mishconos Mazah, LLC	Resort Hotel	26,272,165
NVS Land LLC	Resort Hotel	23,382,364
Wal-Mart R E Business	Retail	17,725,806
UMH NY Kinnebrook MHP, LLC	Mobil Housing	14,885,968
NYS Electric and Gas Corp	Utility	12,791,202
Iroquois Hunting	Hunting & Fishing Club	12,656,065
Beaver Lake Estates Ltd.	Residential	6,866,200
Lake View Est Monticello LLC	Residential	6,609,900

The ten larger taxpayers listed above have a total taxable full valuation of $221,158,892 which represents 6.65% of the 2022-2023 tax base of the District.

As of the date of this Official Statement, the District does not have any pending or outstanding tax certioraris that are known or believed to have a material impact on the District.

Source: School District Tax Rolls.

STAR – School Tax Exemption

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

The STAR 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 2022-23 Enacted State Budget provides $2.2 billion in State funding for a new 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 are eligible for the property tax rebate where the benefit is a percentage of the homeowners' existing STAR benefit.

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

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Bethel	$ 40,940	$ 15,490	4/06/2023
Fallsburgh	36,320	14,070	4/06/2023
Forestburgh	71,630	26,700	4/06/2023
Mamakating	39,330	15,750	4/06/2023
Thompson	50,470	19,220	4/06/2023

$1,585,580 of the District's $43,576,665 school tax levy for the 2022-2023 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2023.

Approximately $1,585,580 of the District's $43,576,665 school tax levy for 2023-2024 is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2024.

Additional Tax Information

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

Senior citizens' STAR exemptions are offered to those who qualify.

TAX LEVY LIMITATION LAW

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

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

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

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

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

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and is an exclusion from the tax levy limitation.

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.

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

See "THE SCHOOL DISTRICT – Budgetary Procedures and Recent Budget Votes" herein for additional information regarding the District's Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the equalization rate which such assessed valuation bears to the full valuation; such rate is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such rate shall be determined.

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

(1) Such obligations are authorized for a purpose for which the 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.

Except on rare occasions the District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30:	2018	2019	2020	2021	2022
Bonds	$ 9,145,000	$ 5,440,000	$ 1,635,000	$ 1,275,000	$ 905,000
Bond Anticipation Notes	220,000	110,000	10,010,000	28,308,500	42,492,500
Energy Performance Contract (1)	2,440,864	2,137,285	1,827,236	1,510,578	4,464,049
Total Debt Outstanding	$ 11,805,864	$ 7,687,285	$ 13,472,236	$ 31,094,078	$ 47,861,549

(1) The Energy Performance Contracts listed above do not constitute general obligation debt, but does count toward the School District Debt Limit.

Note: The bond amounts shown above do not include refunded bonds outstanding where applicable.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of May 25, 2023:

Type of Indebtedness	Maturity		Amount
Bonds	2023-2025		$ 520,000
Bond Anticipation Notes			
Capital Project	June 28, 2023		42,492,500
		Total Indebtedness	$ 43,012,500

(1) To be partially redeemed, partially renewed, and partially permanently financed at maturity with the renewal portion of the proceeds of the Notes, the proceeds of the issuance of Serial Bonds issued through the Dormitory of the State of New York on June 15, 2023, and available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 25, 2023:

Full Valuation of Taxable Real Property			$ 3,326,503,638
Debt Limit 10% thereof			332,650,364
Inclusions:			
Bonds [1]	$ 520,000		
Bond Anticipation Notes [2]	0		
Principal of the Issue [2]	22,400,000		
Total Inclusions		$ 22,920,000	
Exclusions:			
Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 22,920,000 [3]
Net Debt-Contracting Margin			$ 309,730,364 [3]
The percent of debt contracting power exhausted is			6.89%

(1) Based on preliminary 2023-2024 building aid estimates, the District anticipates State Building aid of 63.9% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds. See "THE SCHOOL DISTRICT – State Aid" herein.

(2) As of the date of this Official Statement, the District is in the process of issuing serial bonds through the Dormitory Authority of the State of New York ("DASNY"), which are anticipated to be dated June 15, 2023. The "Principal of this Issue" figure includes only the proceeds of the Notes, and does NOT include the DASNY serial bonds. The "Bond Anticipation Notes" figure does NOT include the currently outstanding bond anticipation notes, which are to be partially redeemed with available funds of the District, partially renewed with a portion of the Notes, and partially permanently financed with the proceeds of the DASNY Serial Bonds at maturity. **If the DASNY serial bonds were to be included in the Bonds total, the total inclusions would be $44,270,000, the total net indebtedness would be $44,270,000, the net debt contracting margin would be $288,380,364, and the percent of debt contracting power exhausted would be 13.31%.**

(3) Total Net Indebtedness in this table does not include outstanding energy performance contracts of the District. See "Energy Performance Contracts" herein.

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 School District. Outstanding Energy Performance Contract indebtedness is not listed above, but does count toward the School District Debt Limit. (See "Energy Performance Contract" herein.)

Bonded Debt Service

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

Capital Project Plans

On November 14, 2018, District voters approved a $54 million capital improvement project including the construction of a new bus garage. The $54 million approval is for phase I of the project financing the most pressing repairs at each District building. On September 19, 2019, the District issued $10,010,000 bond anticipation notes as the first borrowing against the above-mentioned authorization. On September 17, 2020, the District renewed $10,010,000 bond anticipation notes and issued $19,990,000 bond anticipation notes as new monies for the above-mentioned project. On June 29, 2021, the District issued $28,308,500 bond anticipation notes, which along with $1,691,500 available funds of the District, renewed and redeemed $30,000,000 bond anticipation notes that matured on June 30, 2021. On June 28, 2022, the District issued $42,492,000 bond anticipation notes which, along with $816,000 available funds of the District, partially redeemed and renewed bond anticipation notes which matured on June 29, 2022. A $23,835,000 portion of the outstanding bond anticipation notes is anticipated to be permanently financed through the issuance of serial bonds through the Dormitory Authority of the State of New York on June 15, 2023, with a $17,400,000 portion to be renewed through the issuance of the Notes, and the remaining $1,257,500 is to be redeemed with available funds of the District. Additionally, the Notes will provide $5,000,000 in new money.

The District is planning a capital project, and will be developing a scope, cost, and vote date in the near future. The vote is likely to occur in 2024 or 2025.

The District has entered into Energy Performance Contacts in the past and is in the process of a District-wide energy project. See "Energy Performance Contract" herein.

Cash Flow Borrowings

The District has not issued tax anticipation notes, revenue anticipation notes, budget or deficiency notes during the last five fiscal years, nor does it anticipate issuing any such notes in the foreseeable future.

Energy Performance Contracts

As of the date of this Official Statement, the District has an energy performance contract lease outstanding in the principal amount of $856,874. The District will make annual principal and interest payments of approximately $353,725 through fiscal year 2024-25 and $176,862 in fiscal 2025-26.

Additionally, the District issued an energy performance contract lease in the amount of $3,276,876 which closed December 22, 2021. The District will make annual principal and interest payments of approximately $249,700 through the fiscal year ending June 2037.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Sullivan	12/31/2021	$ 158,995,333	$ 10,000,000	$ 148,995,333	31.19%	$ 46,471,644
Town of:						
Bethel	12/31/2021	4,870,502	-	4,870,502	73.91%	3,599,788
Fallsburg	12/31/2021	30,533,093	2,715,000	27,818,093	1.90%	528,544
Forestburgh	12/31/2021	110,000	-	110,000	83.02%	91,322
Mamakating	12/31/2021	550,000	-	550,000	31.70%	174,350
Thompson	12/31/2021	7,431,646	3,833,166	3,598,480	99.56%	3,582,647
					Total:	$ 54,448,295

(1) Bonds and bond anticipation notes are as of the close of the respective fiscal years, and are not adjusted to include subsequent bond or note 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: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2021 and 2022.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 25, 2023:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 22,920,000	$ 1,007.92	0.69%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	77,368,295	3,402.30	2.33

(a) The 2021 estimated population of the District is 22,740. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The District's full value of taxable real estate for the 2022-2023 fiscal year is $3,326,503,638. (See "TAX INFORMATION - Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" herein for the calculation of Net Direct Indebtedness.
(d) Estimated net overlapping indebtedness is $54,448,295. (See "Estimated Overlapping Indebtedness" herein.)

Notes: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.
As of the date of this Official Statement, the District is in the process of issuing serial bonds through the Dormitory Authority of the State of New York ("DASNY"), which are anticipated to be dated June 15, 2023. The figures above include only the proceeds of the Notes, and do NOT include the DASNY serial bonds. **Please see "Debt Statement Summary" note (2) herein for a summary of the effect that the DASNY serial bond issuance will have on the indebtedness of the District.**

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the counties, cities, towns and villages, 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.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, enacted at the 1975 Extraordinary Session of the State legislature, authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

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 <u>not</u> 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. See "THE NOTES - Nature of the Obligation" and "State Debt Moratorium Law" herein.

No Past Due Debt. No principal of or interest on District indebtedness is past due.

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 District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State 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 District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. 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. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the State's ability to borrow funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the impact to the State's economy and financial condition due to the novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a temporary reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid. In the event that the State determines that certain State aid will not be paid during the current School District fiscal year, the District may issue deficiency notes, pursuant to certain limitations in the local finance law section 29.20 provision thereof. (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 District could have an impact upon the market price of the Notes. See "Tax Levy Limitation Law" herein.

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

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and 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 is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – E" hereto.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the "original issue discount"). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, 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, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, 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 owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax 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 authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver such opinion at the time of issuance of the Notes substantially in the form set forth in "APPENDIX – E" hereto.

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the attorney for the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

The District is also party to various tax certiorari proceedings instituted by various taxpayers under Article 7 of the Real Property Tax Law. In these actions, taxpayers have claimed that real property assessments as presently determined are excessive. Such claims seek to have the property assessment reduced and, generally, request a refund for a portion of the taxes previously paid. It is not possible to provide an estimate of the District's potential exposure with respect to all pending certiorari claims. However, most claims are settled for amounts substantially below the assessment reduction specified in the original filing. The District maintains a general fund reserve to pay tax refunds associated with tax certiorari settlements. As of June 30, 2022, the balance of the reserve was $1,097,818, If necessary, the District may issue debt to finance judgments or settled claims.

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 Material Event Notices, a description of which is attached hereto as "APPENDIX – C".

Historical 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 municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the 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 the Municipal Advisor 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. The District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATING

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

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "AA-" with a stable outlook to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 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 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.

Orrick, Herrington & Sutcliffe LLP, New York, 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 District's contact information is as follows: Lisa A. Failla, Assistant Superintendent for Business, 60 Jefferson Street, Suite 3, Monticello, New York 12701, Phone: (845) 794-7702 x 70525, Fax: (845) 794-7718, Email: lfailla@k12mcsd.net.

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

MONTICELLO CENTRAL SCHOOL DISTRICT

Dated: May 25, 2023

TIMOTHY CRUMLEY
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2018	2019	2020	2021	2022
ASSETS					
Cash	$ 15,837,283	$ 14,455,954	$ 15,832,045	$ 17,940,576	$ 11,975,657
Cash - Restricted	12,343,275	14,466,657	14,633,635	13,889,043	17,309,618
Accounts Receivable	15,000	89,958	109,006	10,000	9,875
State and Federal Aid Receivable	1,440,777	1,132,730	1,191,273	1,875,108	1,494,166
Due from Other Governments	1,295,139	1,388,780	1,168,452	1,720,399	1,442,614
Due from Other Funds	2,499,208	2,864,180	2,079,767	3,131,262	2,670,481
Other Receivables	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	$ 33,430,682	$ 34,398,259	$ 35,014,178	$ 38,566,388	$ 34,902,411
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 891,531	$ 758,477	$ 651,982	$ 697,043	$ 717,108
Accrued Liabilities	990,085	1,379,007	1,077,858	813,759	1,355,511
Due to Other Governments	2,273,164	2,288,068	2,669,931	2,154,392	2,098,295
Due to Other Funds	-	25,400	72,452	4,000,000	-
Due to Teachers' Retirement System	2,962,858	3,285,433	2,802,076	3,026,571	3,390,803
Due to Employees' Retirement System	270,856	273,287	328,076	328,651	245,399
Compensated Absenses Payable	-	-	-	-	-
Unearned Revenues	17,174	-	-	-	23,939
TOTAL LIABILITIES	7,405,668	8,009,672	7,602,375	11,020,416	7,831,055
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	12,343,275	14,466,657	14,633,635	13,889,043	17,309,618
Assigned	4,662,240	5,695,528	3,639,934	3,956,495	1,793,608
Unassigned	9,019,499	6,226,402	9,138,234	9,700,434	7,968,130
TOTAL FUND EQUITY	26,025,014	26,388,587	27,411,803	27,545,972	27,071,356
TOTAL LIABILITIES and FUND EQUITY	$ 33,430,682	$ 34,398,259	$ 35,014,178	$ 38,566,388	$ 34,902,411

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	$ 41,064,162	$ 41,432,788	$ 41,752,579	$ 42,510,433	$ 41,596,944
Other Tax Items	3,382,758	4,523,047	4,588,434	4,272,775	4,008,444
Charges for Services	207,303	219,755	145,339	304,807	118,108
Use of Money & Property	333,856	661,914	239,175	125,195	144,068
Sale of Property and Compensation for Loss	159,087	90,435	55,928	53,720	97,409
Miscellaneous	1,944,031	1,510,419	2,559,012	2,645,420	2,090,887
Interfund Revenues	754	-	-	-	4,537
Revenues from State Sources	35,969,335	36,950,284	38,082,141	36,775,010	40,446,332
Revenues from Federal Sources	139,977	256,925	197,603	623,093	842,519
Total Revenues	$ 83,201,263	$ 85,645,567	$ 87,620,211	$ 87,310,453	$ 89,349,248
Other Sources:					
Interfund Transfers	10,763	572,479	14,068	937,098	
Total Revenues and Other Sources	83,212,026	86,218,046	87,634,279	88,247,551	89,349,248
EXPENDITURES					
General Support	$ 7,426,246	$ 7,864,372	$ 8,646,856	$ 7,956,764	$ 9,067,779
Instruction	47,819,376	49,114,400	50,640,522	50,412,752	53,558,956
Pupil Transportation	4,186,150	4,902,460	3,813,404	3,665,705	4,315,513
Community Services	28,897	29,735	30,598	32,316	32,607
Employee Benefits	18,491,284	19,023,219	18,838,449	18,802,501	20,143,410
Debt Service	4,454,514	4,467,087	4,447,244	2,935,407	2,127,237
Total Expenditures	$ 82,406,467	$ 85,401,273	$ 86,417,073	$ 83,805,445	$ 89,245,502
Other Uses:					
Interfund Transfers	604,281	453,200	193,990	4,424,555	578,362
Total Expenditures and Other Uses	83,010,748	85,854,473	86,611,063	88,230,000	89,823,864
Excess (Deficit) Revenues Over Expenditures	201,278	363,573	1,023,216	17,551	(474,616)
FUND BALANCE					
Fund Balance - Beginning of Year	25,823,736	26,025,014	26,388,587	27,528,421 (1)	27,545,972
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 26,025,014	$ 26,388,587	$ 27,411,803	$ 27,545,972	$ 27,071,356

(1) Fund Balance Restated.

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 Original Budget	2022 Revised Budget	2022 Actual	2023 Adopted Budget	2024 Adopted Budget
REVENUES					
Real Property Taxes	$ 43,576,655	$ 43,576,655	$ 41,596,944	$ 43,576,655	$ 43,576,655
Other Tax Items	2,386,417	2,386,417	4,008,444	-	-
Charges for Services	213,000	213,000	118,108	233,000	200,000
Use of Money & Property	163,647	163,647	144,068	15,000	15,000
Sale of Property and Compensation for Loss	20,000	20,000	97,409	-	-
Miscellaneous	2,270,000	2,327,302	2,090,887	4,659,417	3,926,034
Interfund Revenues	-	-	4,537	-	-
Revenues from State Sources	40,386,887	40,386,887	40,446,332	45,150,791	49,919,006
Revenues from Federal Sources	250,000	1,023,086	842,519	250,000	250,000
Total Revenues	$ 89,266,606	$ 90,096,994	$ 89,349,248	$ 93,884,863	$ 97,886,695
Other Sources:					
Appropriated Fund Balance	$ 2,000,000	$ 2,000,000	-	$ 575,712	-
Appropriated Reserves	-	528,476	-	-	-
Prior Year Encumbrances	-	1,956,495	-	-	-
Interfund Transfers				-	-
Total Revenues and Other Sources	91,266,606	94,581,965	89,349,248	94,460,575	97,886,695
EXPENDITURES					
General Support	$ 8,871,706	$ 10,246,508	$ 9,067,779	$ 9,734,461	$ 10,140,262
Instruction	54,398,734	56,230,326	53,558,956	55,223,308	56,415,157
Pupil Transportation	4,491,961	4,697,698	4,315,513	4,668,964	4,692,317
Community Services	32,518	32,718	32,607	-	34,756
Employee Benefits	20,342,851	20,378,752	20,143,410	21,705,006	22,491,679
Debt Service	2,853,836	2,416,663	2,127,237	2,853,836	3,837,524
Total Expenditures	$ 90,991,606	$ 94,002,665	$ 89,245,502	$ 94,185,575	$ 97,611,695
Other Uses:					
Interfund Transfers	275,000	579,300	578,362	275,000	275,000
Total Expenditures and Other Uses	91,266,606	94,581,965	89,823,864	94,460,575	97,886,695
Excess (Deficit) Revenues Over Expenditures	-	-	(474,616)	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	27,545,972	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 27,071,356	$ -	$ -

(1) Fund Balance Restated.

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2023	$ 385,000	$ 26,538	$ 411,538
2024	400,000	12,300	412,300
2025	120,000	2,400	122,400
TOTALS	$ 905,000	$ 41,238	$ 946,238

Note: Outstanding Energy Performance Contract indebtedness of the District is not included in the table above. See "STATUS OF INDEBTEDNESS - Energy Performance Contract" herein.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2010 Capital Project		
	Principal	Interest	Total
2023	$ 385,000	$ 26,538	$ 411,538
2024	400,000	12,300	412,300
2025	120,000	2,400	122,400
TOTALS	$ 905,000	$ 41,238	$ 946,238

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes

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

(h) note calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

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

(o) incurrence of a "financial obligation" (as defined in the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Note holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect 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 District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

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

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

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

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

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

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

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MONTICELLO CENTRAL SCHOOL DISTRICT
SULLIVAN COUNTY, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

FOR THE FISCAL YEAR ENDED

JUNE 30, 2022

The Audited Financial Statements, including opinion, were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

MONTICELLO CENTRAL SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2022

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Cooper Arias, LLP
Accounting & Accountability

INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Monticello Central School District
Monticello, New York

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Monticello 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Monticello Central School District, New York, as of June 30, 2022, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

892 State Route 17B, P.O. Box 190 Mongaup Valley, NY 12762 — Phone: 845-796-1800 — Fax: 845-796-1826 — www.cooperarias.com

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Monticello Central School District, New York'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 Monticello Central School District, New York'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 and other required supplementary information on pages 5 through 17 and 58 through 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monticello Central School District, New York's financial statements as a whole. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards,* and is not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The prior year summarized comparative information was derived from the District's June 30, 2021 financial statements and, in our report dated October 4, 2021, we expressed an unmodified opinion on the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 on our consideration of the Monticello Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Monticello Central School District, New York's internal control over financial reporting and compliance.

Cooper Arias, LLP

Mongaup Valley, New York
September 30, 2022

MONTICELLO CENTRAL SCHOOL DISTRICT
MONTICELLO, N.Y.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022
UNAUDITED

The discussion and analysis of Monticello Central School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

Financial Highlights

Key financial highlights for the District-wide statements are as follows:

For fiscal year 2021-22 total revenues for all categories was $101,025,146. General fund revenues accounted for $89,225,793 of revenue or 88% of all revenues. Program specific revenues in the form of operating grants, charges for services, contributions and capital grants accounted for $11,799,353 or 12% of total revenues.

The District had $101,182,137 in expenses. Of this amount, expenses of $11,799,353 were offset by program specific charges for services or grants.

Key financial highlights for the governmental funds are as follows:

The Worker's Compensation Reserve has a year-end balance of $2,034,078. The reserve continues to be monitored on an annual basis. Improved effectiveness in the monitoring of this potential liability is expected to continue via utilization of the Third Party Administrator for the District program.

The District has an Employees Retirement System Reserve in the amount of $1,014,750. The purpose of the reserve fund is to fund employer retirement contributions.

The District also has two Capital Reserves totaling $11,689,684. The purpose of the reserve is to fund future capital improvement.

Board action on creating and adjusting these reserves demonstrates effective fund balance management which is important for fiscal stability.

The General Fund had $89,349,248 in revenues and $89,823,864 in expenses. This resulted in a decrease in fund balance of $474,616. This decrease maintains the District's fund balance and demonstrates the District's commitment to address the key issues from the Comptroller's Report. The District was also able to complete infrastructure improvements within the current budget.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Monticello Central School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Monticello Central School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions to ask the question, "How did we do financially in the current year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the method of accounting used by most private-sector businesses. This basis of accounting considers all of the current year revenues and expenses, regardless of when cash is received or paid.

These two statements report District-wide net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, if financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current New York State legislation regarding State Aid, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports the following activities:

Governmental Activities:

All of the School District's programs and services are recorded here, including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and cafeteria.

Reporting the School District's Most Significant Funds
Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Aid Fund, School Lunch Fund, Capital Fund, Miscellaneous Special Revenue Fund and the Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationships, or differences, between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Notes to the Financial Statements

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve, over time, as a useful indicator of a government's financial position.

The District's financial position is the product of many financial transactions, including the net result of all activities, payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a comparison of the School District's net position as of June 30, 2022 and June 30, 2021.

Table 1
Net Position

Assets	June 30, 2022	June 30, 2021
Current and Other Assets	54,496,972	52,838,203
Non-Current Assets	108,537,377	59,742,383
Total Assets	**163,034,349**	**112,580,586**
Pensions	21,260,390	21,394,815
OPEB Liability	30,862,948	34,051,325
Total Deferred Outflows of Resources	**52,123,338**	**55,446,140**
Liabilities		
Current Liabilities	54,273,534	39,228,587
Long Term Liabilities	99,866,341	119,188,246
Total Liabilities	**154,139,875**	**158,416,833**
Pensions	39,555,465	9,032,226
OPEB Liability	33,185,481	12,143,810
Total Deferred Inflows of Resources	**72,740,946**	**21,176,036**
Net Position		
Net Investment in Capital Assets	42,186,562	36,980,419
Restricted	17,386,874	13,966,293
Unrestricted	(71,296,570)	(62,512,855)
Total Net Position	**(11,723,134)**	**(11,566,143)**

Table 2 shows changes in net position for fiscal year 2021-2022. Comparative data is presented for fiscal year end June 30, 2021.

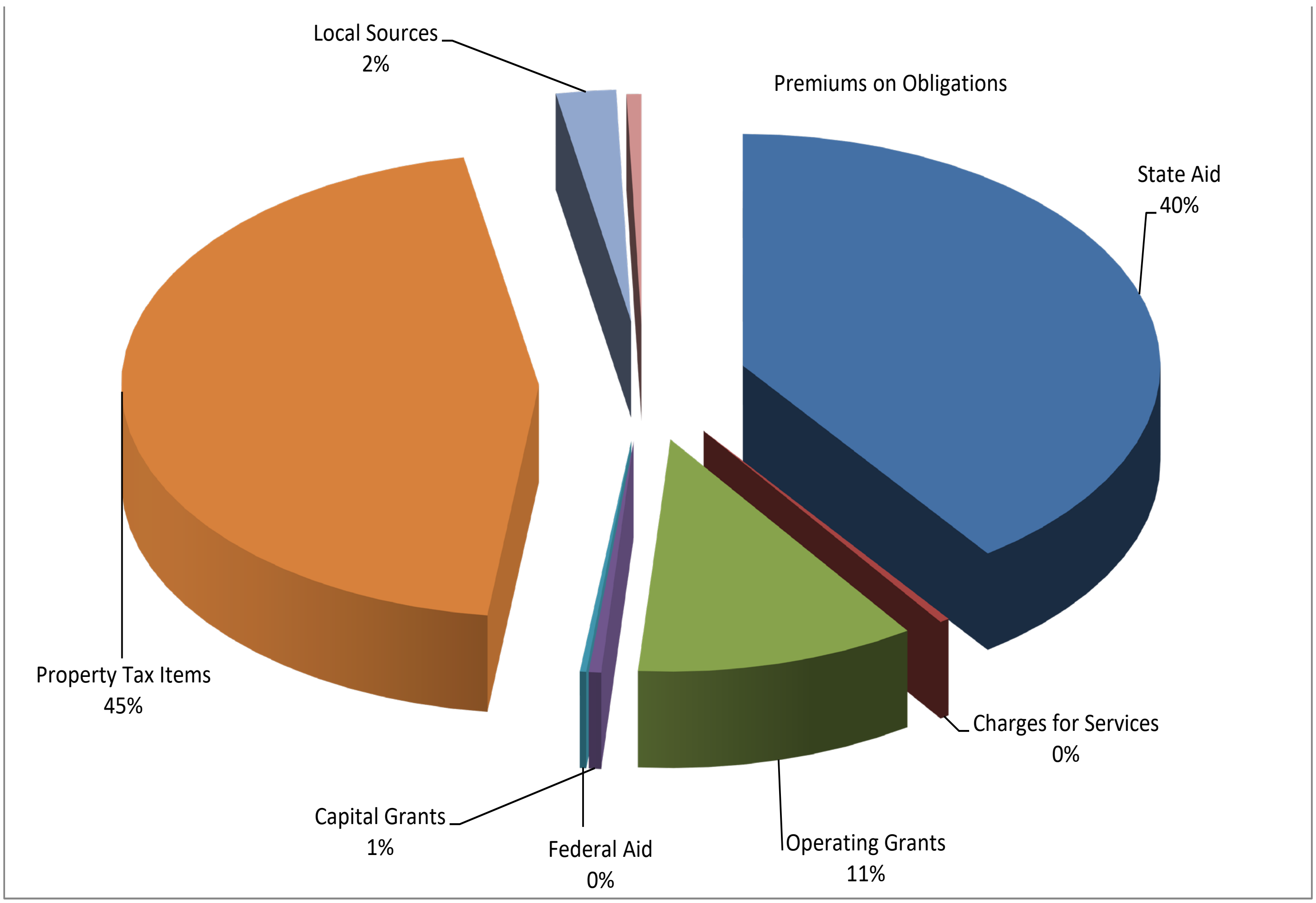
Table 2
Changes in Net Position

REVENUES	6/30/2022	6/30/2021
Program Revenues:		
Charges for Services	381,426	498,294
Operating Grants and Contributions	10,935,956	6,673,605
Capital Grants and Contributions	481,971	20,400
General Revenues:		
Property Tax Items	45,605,388	46,783,208
State Aid	40,446,332	36,775,010
Federal Aid	252,190	80,947
Local Sources	2,342,271	2,763,821
Premiums on Obligations	579,612	464,499
Total Revenues	**101,025,146**	**94,059,784**
EXPENSES		
Instruction	81,615,601	82,845,786
General Support	11,092,210	9,873,678
Pupil Transportation	6,135,485	5,408,265
Debt Service	462,340	363,290
School Lunch Program	1,825,663	1,408,659
Community Service	50,838	53,466
Total Expenses	**101,182,137**	**99,953,144**
Change in Net Position – Increase/(Decrease)	**(156,991)**	**(5,893,360)**

Governmental Activities

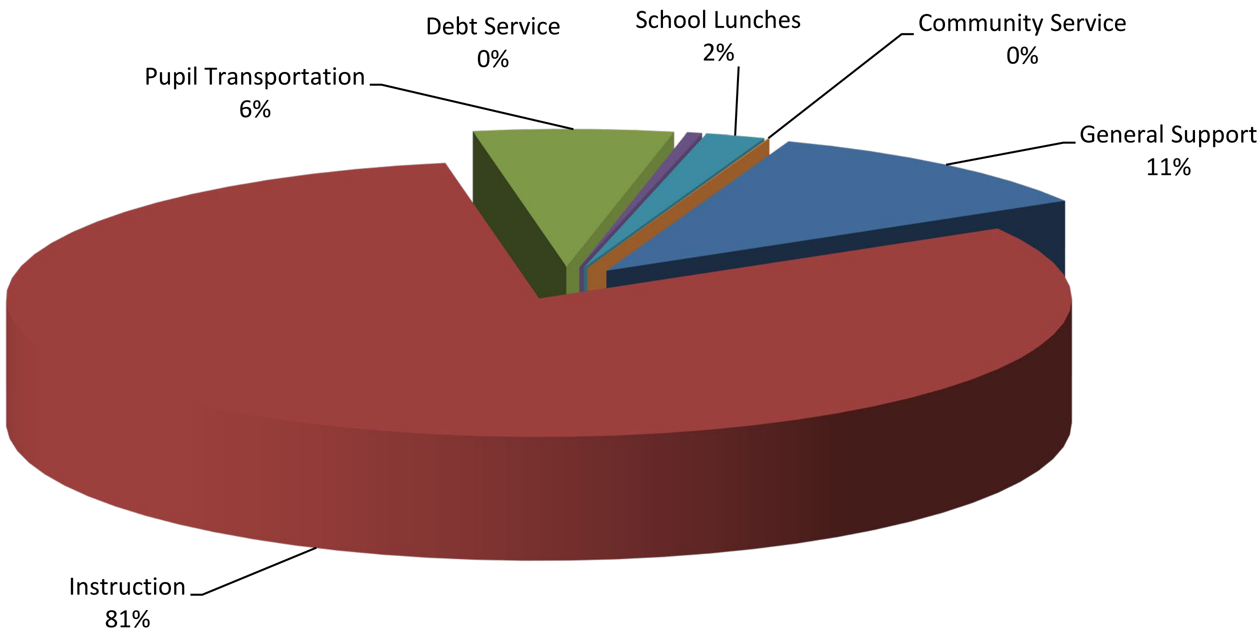
School district revenue sources are similar throughout the state. The nature of property taxes in New York creates the legal requirement to annually seek voter approval for School District operations. Property taxes and other tax items made up 45.14 percent of revenues for governmental activities for fiscal year 2022. State Aid, Federal Aid and Local Sources, exclusive of amounts reported as program revenues, accounted for another 54.28 percent of revenue. The District's total revenue for the year ended June 30, 2022 was $101,025,146. Please refer to the Statement of Activities for additional detail.

Sources of Revenue 2021-22



The total cost of all programs and services was $101,182,137. Instruction comprises 80.7 percent of District expenses. The District strives to focus its resources to improve the instructional program for our students. Please refer to the Statement of Activities for additional detail.

Expenses for 2021-2022



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these expenses. Table 3 shows the total cost of services and the net cost of services. The net cost shows financial burden that was placed upon the District's taxpayers by each of these functions. Information presented compares the current fiscal year end to June 30, 2022.

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Table 3
Cost of Services

	Total Cost 2021-22	Net Cost 2021-22	Total Cost 2020-21	Net Cost 2020-21
Instruction	81,615,601	72,446,298	82,845,786	77,066,765
General Support	11,092,210	10,567,719	9,873,678	9,734,939
Pupil Transportation	6,135,485	6,088,017	5,408,265	5,407,793
Debt Service	462,340	462,340	363,290	363,290
School Lunch Program	1,825,663	232,428	1,408,659	134,592
Community Service	50,838	50,838	53,466	53,466
Total Expenses	**101,182,137**	**89,382,784**	**99,953,144**	**92,760,845**

Instructional expenses include activities dealing directly with the teaching of pupils, and the interaction between teacher and student, including extracurricular activities and technology to support classroom instruction.

General support includes all departments not directly connected to classroom instruction or transportation, and included school administration, business office, maintenance and operation of plant.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities and special programs.

Debt service, unallocated depreciation and amortization, and the school lunch program include all identifiable expenses relevant to these areas.

The School District's Funds

All governmental funds (i.e., general fund, special aid fund, school lunch fund, capital projects fund, miscellaneous special revenue fund and the debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and expenditures for the year ended June 30, 2022, exclusive of interfund transfers, amounted to $105,122,559 and $118,485,024, respectively. The net change in fund balance for the year ended June 30, 2022 for all governmental funds was a decrease of $13,362,465.

The General Fund had a fund balance decrease of $474,616. This decrease indicates that current year expenses were in excess of current year revenues.

The Cafeteria had an increase in fund balance of $250,553. The increase in cafeteria fund balance reflects revenues in excess of current year expenses. The District continues to take steps to maximize revenues by closely monitoring of expenditures and improving menu selection to increase program participation. With the introduction of the Community Eligibility Provision (CEP) in all buildings, the District anticipates an increase in participation and growth in fund balance to continue a healthy self-sustaining program.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2022, and the amount and percentage of increases and decreases in relation to prior year's revenues. This table excludes proceeds of long-term debt and interfund transfers.

	Revenue 2021-22	Revenue 2020-21	$ Increase/ (Decrease)	Percentage Inc/(Dec)
Local Sources	48,366,985	50,054,956	(1,687,971)	(3.4%)
State Sources	43,214,328	38,908,628	4,305,700	11.1%
Federal Sources	8,868,758	4,596,420	4,272,338	92.9%
Total	**100,450,071**	**93,560,004**	**6,890,067**	**7.4%**

The increase in State sources of revenue in the amount of $4,305,700 was mainly due to an increase in State Aid. The increase in Federal sources of revenue in the amount of $4,272,338 was mainly due to COVID relief funds. Similar to other entities, economic conditions continue to be a factor on the District's investment and revenues generated.

Remaining items were considered routine revenue variances and are detailed in the supplementary information section of the financial statements.

The following schedule represents a summary of general fund, special aid fund, school lunch fund, capital projects, miscellaneous special revenue and debt service fund expenditures for the fiscal year ended June 30, 2022, and the percentage increases and decreases in relation to prior year amounts. This table excludes interfund transfers.

	Expenses 2021-22	Expenses 2020-21	$ Increase/ (Decrease)	Percentage Inc/(Dec)
Instruction	62,076,413	55,196,575	6,879,838	12.5%
General Support	9,072,316	7,974,664	1,097,652	13.8%
Pupil Transportation	4,374,848	3,666,295	708,553	19.3%
Employee Benefits	20,990,516	19,393,723	1,596,793	8.2%
Debt Service	2,127,237	2,935,407	(808,170)	(27.5%)
Cost of Sales	1,500,421	1,038,293	462,128	44.5%
Capital Outlay	18,310,666	15,759,750	2,550,916	16.2%
Community Services	32,607	32,316	291	0.9%
Total	**118,485,024**	**105,997,023**	**12,488,001**	**11.8%**

Changes in expenditures were mainly the result of ongoing capital project work and expenditures due to COVID-19 pandemic relief funds and required infrastructure repairs.

General Fund Budget Highlights

The School District's budget is prepared in accordance with New York State Law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund for the District is the General Fund.

Budget adjustments were made during the course of the fiscal year, within general ledger functions. In accordance with District policy, all transfers over the amount of $5,000 from any one line item were approved by the Board of Education, prior to being processed.

The budget status was reviewed monthly to monitor budget allocations with recorded expenditures to ensure accurate reporting. This practice provides oversight at the next level to the payroll and accounts payable process.

Capital Assets

At the end of fiscal year 2022, the District had $76,687,468 invested in land, buildings, furniture and equipment and vehicles, net of $30,653,325 in accumulated depreciation. Table 4 shows fiscal year 2022 balances compared to fiscal 2021.

Table 4
Capital Assets (Net of Depreciation)

	6/30/2022	6/30/2021
Land	135,333	135,333
Construction in Progress	35,145,981	16,835,315
Building and Improvements	37,913,185	39,312,756
Furniture and Equipment	816,065	668,969
Vehicles	2,676,904	2,790,010
Total	**76,687,468**	**59,742,383**

Overall, net capital assets increased by $16,945,085. The increase is mainly due to the ongoing construction projects and reflects the current year acquisitions for construction, vehicles, furniture and equipment exceeded depreciation and disposals for the current year. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2022, the School District had $3,346,050 of outstanding long-term debt, net of Total OPEB liability. Table 5 represents fiscal year 2021 balances compared to fiscal year 2020.

Table 5
Outstanding Debt

	6/30/2022	6/30/2021
Serial Bonds	905,000	1,275,000
Energy Performance Contract	4,464,047	1,510,578
Compensated Absences	1,273,532	1,041,750
Total OPEB Liability	92,800,935	110,502,000
Installment Purchase Debt	81,146	118,722
Lease Payable	341,681	483,308*
Total	**99,866,341**	**114,931,358**

*restated

Serial bonds decreased overall by $370,000 due to repayment of principal. In addition, outstanding debt increased due to new debt obligation and repayment of debt in conjunction with the two energy performance contracts of $2,953,469, a increase in compensated absences in the amount of $231,782 and a net decrease in Total other post-employment benefits in the amount of $17,701,065.

For the Future

The Monticello Central School District continues to be in good financial condition. As stated previously given the challenges facing the local, state and federal budgets the future finances of the District will be subject to pressure. The District is faced with budget increases such as salaries, health costs and retirement system contributions, while dealing with the limits of the Tax Cap legislation. The management of the District continues to aggressively pursue pro-active in house expense reduction. The focus of this pursuit is to analyze expenditure trends, where possible, phase in increases and to reduce or eliminate expenses.

Our overall goal is to limit the burden on the taxpayers of the District as much as possible, while balancing the educational needs of the students and trying to maintain the majority of programs in place. Any and all alternative sources of funding are looked at for our District wide programs as we hope to access new resources. Again, we are not alone in our fiscal struggle. The District faces similar issues with other local municipalities; rising costs and declining revenues. We will continue to explore new partnerships to provide mutual benefit for all who participate. As a district community we are committed to providing a quality education for our students to prepare them for the global world that awaits them.

The COVID-19 pandemic has created additional pressures to school districts. We are faced with a situation unlike any in recent history. The closure of schools in spring 2020 resulted in decreased costs to the district in some areas like transportation but also increased costs such as unemployment insurance costs.

The community is poised to revitalize itself. Currently, the racetrack, Bethel Woods and Resorts World Catskills are becoming significant attractions. Additional development at the former Concord site should enhance the area in the years to come. The District is seeking to improve its facilities and the voters approved, an $10,000,000 capital reserve fund, to finance capital improvements across all District buildings. Part of that process is a review of the 5-year capital improvement plan and the Building Condition Survey, which was completed in 2016 and will be revised and submitted in 2022. The District is committed to bring our students into the 21st Century with increased infrastructure, technology and enhanced security.

Contacting the School District's Financial Management

This financial report is designed to provide our taxpayers, citizens, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report, or need additional information, contact Mrs. Lisa A. Failla, Assistant Superintendent for Business, Monticello Central School District Administration Building, 60 Jefferson Street, Suite #3, Monticello, NY 12701

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	2022	2021
ASSETS		
Current Assets:		
Cash	$ 13,098,540	$ 20,171,627
Cash - Restricted	34,615,187	26,305,898
Accounts Receivable	35,608	35,147
State and Federal Aid Receivable	5,261,753	4,580,289
Due From Other Governments	1,448,840	1,720,399
Inventory	37,044	24,843
Total Current Assets	54,496,972	52,838,203
Non-Current Assets:		
Net Pension Asset	31,508,228	-
Right to Use Asset, net	341,681	-
Capital Assets, net	76,687,468	59,742,383
Total Non-Current Assets	108,537,377	59,742,383
TOTAL ASSETS	163,034,349	112,580,586
DEFERRED OUTFLOW OF RESOURCES		
Pensions	21,260,390	21,394,815
OPEB Liability	30,862,948	34,051,325
TOTAL DEFERRED OUTFLOW OF RESOURCES	52,123,338	55,446,140

SEE ACCOMPANYNG NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	2022	2021
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 4,540,215	$ 4,467,894
Accrued Liabilities	1,456,674	888,356
Bond Anticipation Notes	42,492,500	28,308,500
Due To Other Governments	2,110,186	2,190,317
Due To TRS	3,390,803	3,026,571
Due To ERS	245,399	328,651
Unearned Revenues	37,757	18,298
Total Current Liabilities	54,273,534	39,228,587
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	385,000	370,000
Energy Performance Contract	501,445	323,407
Installment Purchase Debt	39,540	37,576
Lease Payable	144,486	-
Total OPEB Liability	2,200,000	2,200,000
Compensated Absences	40,418	110,825
Due Beyond One Year:		
Serial Bonds	520,000	905,000
Energy Performance Contract	3,962,602	1,187,171
Installment Purchase Debt	41,606	81,146
Lease Payable	197,195	-
Total OPEB Liability	90,600,935	108,302,000
Compensated Absences	1,233,114	930,925
Net Pension Liability	-	4,740,196
Total Non-Current Liabilities	99,866,341	119,188,246
TOTAL LIABILITIES	154,139,875	158,416,833
DEFERRED INFLOWS OF RESOURCES		
Pensions	39,555,465	9,032,226
OPEB Liability	33,185,481	12,143,810
TOTAL DEFERRED INFLOWS OF RESOURCES	72,740,946	21,176,036
NET POSITION		
Net Investment in Capital Assets	42,186,562	36,980,419
Restricted	17,386,874	13,966,293
Unrestricted	(71,296,570)	(62,512,855)
TOTAL NET POSITION	$ (11,723,134)	$ (11,566,143)

SEE ACCOMPANYNG NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2021

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND DONATIONS	2022	2021
FUNCTIONS/PROGRAMS						
General Support	$ 11,092,210	$ 110,439	$ 16,829	$ 397,223	$ (10,567,719)	$ (9,734,939)
Instruction	81,615,601	118,108	8,966,447	84,748	(72,446,298)	(77,066,765)
Pupil Transportation	6,135,485	-	47,468	-	(6,088,017)	(5,407,793)
Community Service	50,838	-	-	-	(50,838)	(53,466)
School Lunch Program	1,825,663	152,879	1,905,212	-	232,428	(134,592)
Debt Service	462,340	-	-	-	(462,340)	(363,290)
TOTAL FUNCTIONS/PROGRAMS	101,182,137	381,426	10,935,956	481,971	(89,382,784)	(92,760,845)
GENERAL REVENUES						
Real Property Tax					41,596,944	42,510,433
Other Tax Items					4,008,444	4,272,775
Investment Earnings					35,651	28,834
Sale Of Property and Compensation For Loss					97,409	89,001
Premium On Obligations					579,612	464,499
Miscellaneous Local Sources					2,209,211	2,645,986
State Sources					40,446,332	36,775,010
Federal Sources					252,190	80,947
TOTAL GENERAL REVENUES					89,225,793	86,867,485
CHANGE IN NET POSITION					(156,991)	(5,893,360)
TOTAL NET POSITION- Beginning of Year					(11,566,143)	(5,672,783)
TOTAL NET POSITION- End of Year					$ (11,723,134)	$ (11,566,143)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	2021
ASSETS							
Cash	$ 11,975,657	$ 95,354	$ 343,918	$ -	$ 683,611	$ 13,098,540	$ 20,171,627
Cash - Restricted	17,309,618	-	-	17,228,313	77,256	34,615,187	26,305,898
Accounts Receivable	9,875	-	25,733	-	-	35,608	35,147
Due From Other Funds	2,670,481	-	-	-	580,231	3,250,712	7,435,861
State and Federal Aid Receivable	1,494,166	2,795,049	554,915	417,623	-	5,261,753	4,580,289
Due From Other Governments	1,442,614	6,226	-	-	-	1,448,840	1,720,399
Inventories	-	-	37,044	-	-	37,044	24,843
TOTAL ASSETS	$ 34,902,411	$ 2,896,629	$ 961,610	$ 17,645,936	$ 1,341,098	$ 57,747,684	$ 60,274,064

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	2021
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	$ 717,108	$ 595,957	$ 21,215	$ 3,205,935	$ -	$ 4,540,215	$ 4,467,894
Accrued Liabilities	1,355,511	30,800	21,062	-	-	1,407,373	862,768
Bond Anticipation Notes	-	-	-	42,492,500	-	42,492,500	28,308,500
Due To Other Governments	2,098,295	6,055	5,836	-	-	2,110,186	2,190,317
Due To Other Funds	-	2,252,608	-	997,854	250	3,250,712	7,435,861
Due To Teachers' Retirement System	3,390,803	-	-	-	-	3,390,803	3,026,571
Due To Employees' Retirement System	245,399	-	-	-	-	245,399	328,651
Unearned Revenues	23,939	11,209	2,609	-	-	37,757	18,298
TOTAL LIABILITIES	7,831,055	2,896,629	50,722	46,696,289	250	57,474,945	46,638,860
FUND BALANCES							
Non-spendable:							
Inventory	-	-	37,044	-	-	37,044	24,843
Restricted:					-		
Tax Certiorari	1,097,818	-	-	-	-	1,097,818	1,194,701
Unemployment Insurance	276,581	-	-	-	-	276,581	276,156
Workers' Compensation	2,034,078	-	-	-	-	2,034,078	2,030,985
Employee Benefit Accrued Liability	1,014,750	-	-	-	-	1,014,750	1,013,605
Capital	11,689,684	-	-	-	-	11,689,684	8,178,493
Retirement Contributions - ERS	1,196,707	-	-	-	-	1,196,707	1,195,103
Capital Projects	-	-	-	1,731,422	-	1,731,422	-
Scholarships	-	-	-	-	77,006	77,006	77,250
Assigned:							
Encumbrances	1,217,896	-	-	-	-	1,217,896	1,956,495
Appropriated	575,712	-	-	-	-	575,712	2,000,000
Unappropriated	-	-	873,844	-	1,263,842	2,137,686	1,844,803
Unassigned	7,968,130	-	-	(30,781,775)	-	(22,813,645)	(6,157,230)
TOTAL FUND BALANCES	27,071,356	-	910,888	(29,050,353)	1,340,848	272,739	13,635,204
TOTAL LIABILITIES AND FUND BALANCES	$ 34,902,411	$ 2,896,629	$ 961,610	$ 17,645,936	$ 1,341,098	$ 57,747,684	$ 60,274,064

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

		2022	2021
Total Governmental Fund Balances		$ 272,739	$ 13,635,204
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2022 are $107,340,793 and $30,653,325, respectively.		76,687,468	59,742,383
Leased assets used in governmental activities are expensed in the initial year of the lease term in the governmental funds. In the full accrual financials, the assets are capitalized and amortized over the term of the lease. The cost of leased assets and accumulated amortization at June 30, 2022 are $714,343 and $372,662, respectively.		341,681	-
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.			
Net Pension Asset	31,508,228		
Deferred Outflows of Resources	21,260,390		
Net Pension Liability	-		
Deferred Inflows of Resources	(39,555,465)	13,213,153	7,622,393
Long-term asset and liability associated with the Total OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds.			
Deferred Outflows of Resources	30,862,948		
Total OPEB Liability	(92,800,935)		
Deferred Inflows of Resources	(33,185,481)	(95,123,468)	(88,594,485)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Serial Bonds	(905,000)		
Energy Performance Contract	(4,464,047)		
Installment Purchase Debt	(81,146)		
Compensated Absences	(1,273,532)		(3,946,050)
Leases Payable	(341,681)	(7,065,406)	
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.		(49,301)	(25,588)
Net Position Of Governmental Activities		$ (11,723,134)	$ (11,566,143)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS	2021
REVENUES							
Real Property Taxes	$ 41,596,944	$ -	$ -	$ -	$ -	$ 41,596,944	$ 42,510,433
Other Tax Items	4,008,444	-	-	-	-	4,008,444	4,272,775
Charges For Services	118,108	-	-	-	-	118,108	304,807
Use of Money and Property	144,068	-	21	557	1,444	146,090	129,273
Sale of Property and Compensation For Loss	97,409	-	-	-	-	97,409	53,720
Miscellaneous Local Sources	2,090,887	-	838	-	150,849	2,242,574	2,690,900
Interfund Revenues	4,537	-	-	-	-	4,537	-
State Sources	40,446,332	2,334,584	36,189	397,223	-	43,214,328	38,908,628
Federal Sources	842,519	6,157,216	1,869,023	-	-	8,868,758	4,596,420
Sales	-	-	152,879	-	-	152,879	93,048
TOTAL REVENUES	89,349,248	8,491,800	2,058,950	397,780	152,293	100,450,071	93,560,004
OTHER FINANCING SOURCES							
Interfund Transfers In	-	498,228	-	80,134	-	578,362	5,361,653
BAN's Redeemed From Appropriations	-	-	-	816,000	-	816,000	1,691,500
Premium on Obligations	-	-	-	-	579,612	579,612	464,499
Proceeds of Long Term Debt	-	-	-	3,276,876	-	3,276,876	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	89,349,248	8,990,028	2,058,950	4,570,790	731,905	105,700,921	101,077,656
EXPENDITURES							
General Support	9,067,779	4,537	-	-	-	9,072,316	7,974,664
Instruction	53,558,956	8,387,026	-	-	130,431	62,076,413	55,196,575
Pupil Transportation	4,315,513	59,335	-	-	-	4,374,848	3,666,295
Community Services	32,607	-	-	-	-	32,607	32,316
Employee Benefits	20,143,410	539,130	307,976	-	-	20,990,516	19,393,723
Debt Services:							
Principal	1,688,610	-	-	-	-	1,688,610	2,406,599
Interest	438,627	-	-	-	-	438,627	528,808
Cost of Sales	-	-	1,500,421	-	-	1,500,421	1,038,293
Capital Outlay	-	-	-	18,310,666	-	18,310,666	15,759,750
TOTAL EXPENDITURES	89,245,502	8,990,028	1,808,397	18,310,666	130,431	118,485,024	105,997,023
OTHER USES							
Interfund Transfer Out	578,362	-	-	-	-	578,362	5,361,653
TOTAL EXPENDITURES AND OTHER USES	89,823,864	8,990,028	1,808,397	18,310,666	130,431	119,063,386	111,358,676
NET CHANGE IN FUND BALANCE	(474,616)	-	250,553	(13,739,876)	601,474	(13,362,465)	(10,281,020)
FUND BALANCE - Beginning of Year	27,545,972	-	660,335	(15,310,477)	739,374	13,635,204	23,916,224
FUND BALANCE - End of Year	$ 27,071,356	$ -	$ 910,888	$ (29,050,353)	$ 1,340,848	$ 272,739	$ 13,635,204

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

		2022	2021
Total Net Change in Fund Balances – Governmental Funds		$ (13,362,465)	$ (10,281,020)
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.			
Depreciation Expenses	(2,167,603)		
Capital Outlay	19,112,688	16,945,085	14,503,781
Repayments of principal on long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.			
Serial Bonds	370,000		
Energy Performance Contract	323,407		
Installment Purchase Debt	37,576		
Leases	141,627	872,610	715,099
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when paid amount exceeds the earned amount, the difference is an addition to the reconciliation.			
Compensated Absences		(231,782)	14,597
Proceeds from the sale of capital assets are reported as revenues in the governmental funds. In the statement of activities, the revenues are reduced by the net book value of the disposed assets.		-	(69,219)
(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.			
Teachers' Retirement System	4,643,705		
Employees' Retirement System	947,055	5,590,760	(3,242,827)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

(Continued)

		2022	2021
(Increases) decreases in the total OPEB 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.			
Total OPEB Liability		$ (6,528,983)	$ (7,699,289)
In the governmental funds, proceeds of long term debt are reported as revenues. In the statement of net position, the proceeds increase the long term liability, and no revenue is recognized in the statement of activities.			
Energy Performance Contract		(3,276,876)	-
In the governmental funds, leased assets are expensed in the initial year of the lease. In the full accrual financials, the asset is capitalized as a "right to use" asset and amortized over the term of the lease.			
Amortization Expense		(141,627)	-
In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.			
Current Year Accrued Interest	(49,301)		
Prior Year Accrued Interest	25,588	(23,713)	165,518
Change in Net Position of Governmental Activities		$ (156,991)	$ (5,893,360)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Monticello Central School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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. **Financial Reporting Entity**

The Monticello Central School District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise School District operations, and are governed by, or significantly influenced by, the Board of Education.

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

The financial reporting entity includes all funds, account groups, functions and organizations over which the School District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of the financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

1. Included in the Reporting Entity

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Monticello Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The activity is reported in the Miscellaneous Special Revenue Fund of the School District. Separate audited general purpose financial statements (cash basis) of the Extraclassroom Activity Funds can be found within these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. **Joint Venture**

The Monticello Central School District is one of the eight component school districts in the Sullivan County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school district's enrollment as defined in Education Law Section 1950(4)(b)(7).

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

C. **Basis of Presentation**

1. District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District as a whole. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, inter-governmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity and for each function of the District's governmental activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operation 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 financial statements:

The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds each displayed in a separate column.

The District reports the following major Governmental Funds:

a. *General Fund*

The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

b. *Special Revenue Fund*

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

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

2. School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.

c. *Capital Projects Fund*

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District Reports the following non-major Governmental Funds:

a. *Debt Service Fund*

Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

b. *Miscellaneous Special Revenue Fund*

This fund is used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

D. **Basis of Accounting/Measurement Focus**

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. **Property Taxes**

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and become a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 6th.

2. Enforcement

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

F. **Budgetary Procedures And Budgetary Accounting**

1. Budget Policies

The budget policies are as follows:

a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:

I. General Fund

b. The proposed appropriation budget for the General Fund is approved by the voters within the District.

c. Appropriations are adopted at the program level.

d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year.

General Support	$ 16,829
Instruction	813,559
	$ 830,388

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Encumbrances

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

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

G. **Cash and Cash Equivalents**

For financial statement purposes, the District considers all highly liquid investments with maturities of three months or less as cash equivalents.

H. **Inventory**

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost 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.

I. **Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would be immaterial.

J. **Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is $5,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

ASSET CLASS	**ESTIMATED USEFUL LIVES**
School Buildings	50
Site Improvements	20
Furniture & Equipment	5-20
Vehicles	8-10

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the governmental fund financial statements.

K. **Unearned Revenue**

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when sources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

L. **Vested Employee Benefits**

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated on the pay rates in effect at year-end.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee.

The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 11).

M. **Interfund Activity**

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types. Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

N. **Equity Classifications**

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

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

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

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

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the District and determine which classification of net position will be charged.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of $37,044.

Restricted – includes amounts with constraints placed on the use of resources either externally by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Unemployment Insurance

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. This reserve is accounted for in the General Fund.

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

Tax Certiorari

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

Workers' Compensation

This reserve is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. This reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounting for in the General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Retirement Contribution

Used to pay contributions to the NYS Employee Retirement System. This reserve is accounted for in the General Fund.

Capital Projects

Proceeds of debt that are restricted for use per the specifics of the debt issue. This reserve is accounted for in the Capital Projects Fund.

Scholarships

Used to pay scholarships with funds stipulated by donors for that purpose. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2022.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund and, in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of $1,217,896 as assigned fund balance in the General Fund as of June 30, 2022.

Unassigned – represents the residual classification for the General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 General Fund budget for the ensuing fiscal year. Non-spendable 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.

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

O. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. **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 87 – *Leases*

GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*

GASB 92 – *Omnibus*

GASB 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No.32*

Q. **Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 91 – *Conduit Debt Obligations,* effective for the year ending June 30, 2023.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 93 – *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending June 30, 2023.

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023

GASB 96 – *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

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

R. **Deferred Outflows/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 (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports $21,260,390 in deferred outflows of resources related to pensions and in $30,862,948 deferred outflows of resources related to the Total OPEB Liability as of June 30, 2022.

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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is related to OPEB reported in the district-

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reports $39,555,465 in deferred inflows of resources related to pensions and $33,185,481 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2022.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net decrease of $18,295,075 to unrestricted net position as of June 30, 2022.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net decrease of $2,322,533 to unrestricted net position as of June 30, 2022.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance

The District's unassigned fund balance in the General Fund is in excess of the amount permitted by law. New York State Law limits the unassigned fund balance to 4% of the subsequent year's adopted budget.

The Capital Projects Fund had a negative unassigned fund balance of $30,781,775 at June 30, 2022. The deficit was caused by the accounting treatment of bond anticipation notes and will be eliminated when the note is converted to long term financing.

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENT

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

A. Total fund balances of governmental funds vs. net position of governmental activities:

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

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENT (Continued)

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

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

1. Long-term revenue differences:

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

2. Capital related differences:

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

3. Long-term debt transaction differences:

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

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2022, the Monticello Central School District was billed $17,524,280 for BOCES administrative and program costs. General purpose financial statements for Sullivan County are available from the BOCES administrative office at 15 Sullivan Avenue, Suite 1, Liberty, NY 12754.

The School District's share of BOCES income amounted to $2,608,298.

NOTE 5 – CASH AND INVESTMENTS

The Monticello Central School District investment polices are governed by State statutes. In addition, the District has its own written investment policy. Monticello Central School District monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State.

The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

The District's aggregate cash balances include balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name.	$ 47,340,092

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS/ RECLASSIFICATIONS	ENDING BALANCE
Governmental Activities:				
Capital assets that are not depreciated:				
Land	$ 135,333	$ -	$ -	$ 135,333
Construction In Progress	16,835,315	18,310,666	-	35,145,981
Total non-depreciable historical cost	16,970,648	18,310,666	-	35,281,314
Capital assets that are depreciated:				
Building and Improvements	63,880,243	84,748	-	63,964,991
Machinery and Equipment	1,280,601	267,811	-	1,548,412
Vehicles	6,507,172	449,463	410,559	6,546,076
Total depreciable historical cost	71,668,016	802,022	410,559	72,059,479
Less accumulated depreciation:				
Building and Improvements	24,567,487	1,484,319	-	26,051,806
Machinery and Equipment	611,632	120,715	-	732,347
Vehicles	3,717,162	562,569	410,559	3,869,172
Total Accumulated Depreciation	28,896,281	2,167,603	410,559	30,653,325
Total historical cost, net	$ 59,742,383	$ 16,945,085	$ -	$ 76,687,468

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to Governmental functions as follows:	
General Support	$ 347,939
Instruction	1,330,744
Pupil Transportation	484,304
School Lunch Program	4,616
	$ 2,167,603

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2022 are as follows:

	INTERFUND RECEIVABLE	INTERFUND PAYABLE	INTERFUND EXPENDITURES	INTERFUND REVENUES
General Fund	$ 2,670,481	$ -	$ 578,362	$ -
Special Aid Fund	-	2,252,608	-	498,228
Miscellaneous Special Revenue	-	250	-	-
Capital Projects Fund	580,231	997,854	-	80,134
Total Governmental Activities	3,250,712	3,250,712	578,362	578,362
TOTALS	$ 3,250,712	$ 3,250,712	$ 578,362	$ 578,362

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

The District periodically transfers funds between the General Fund and Debt Service Fund to make debt service payments and to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants.

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 8 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2022 consisted of the following:

Food & Supplies	$ 37,044

NOTE 9 - LIABILITIES

A. **Pension Plans and Post-Employment Benefits**

1. General Information

The Monticello Central School District participates in New York State and Local Employee's Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems 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.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the New York State Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board.

The System provides benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York. The New York State TRS issued a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL).

The system issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

NOTE 9 – LIABILITIES (Continued)

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on their salary, for their entire working career.

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 9.80% of the annually covered payroll for the fiscal year ended June 30, 2022. Rates applicable to the fiscal years ended June 30, 2021 and 2020, were respectively 9.53% and 8.86%.

For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

	ERS	TRS
2022	1,168,417	3,037,451
2021	1,056,003	2,757,822
2020	1,055,391	2,567,495

NOTE 9 – LIABILITIES (Continued)

B. **Indebtedness**

1. Long-Term Debt

a. Long-Term Debt Interest

Interest Expense on long-term debt consisted of the following:

Interest Paid	$ 75,809
Less: Interest Accrued in the Prior Year	(25,588)
Plus: Interest Accrued in the Current Year	49,301
Total Expense	$ 99,522

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2022 are summarized as follows:

	BALANCE 06/30/21	ADDITIONS	DELETIONS	BALANCE 06/30/22	AMOUNTS DUE WITHIN ONE YEAR
Serial Bonds – General Obligations	$ 1,275,000	$ -	$ 370,000	$ 905,000	$ 385,000
Energy Performance Contract- Direct Borrowing	1,510,578	3,276,876	323,407	4,464,047	501,445
Installment Purchase Debt – Direct Borrowings	118,722	-	37,576	81,146	39,540
Compensated Absences	1,041,750	231,782	-	1,273,532	40,418
Total OPEB Liability	110,502,000	10,057,170	27,758,235	92,800,935	2,200,000
Lease Payable (Restated)	483,308	-	141,627	341,681	144,486
TOTAL	$ 114,931,358	$ 13,565,828	$ 28,630,845	$ 99,866,341	$ 3,310,889

Additions and deletions to compensated absences are shown net since it is impractical to determine those amounts separately.

c. Maturity

The following is a summary of maturity of indebtedness:

PURPOSE	ISSUE DATE	FINAL MATURITY	INTEREST RATE	OUTSTANDING 06/30/22
Excel Project	2010	2025	3.00%-4.00%	$ 905,000
Energy Performance Contract	2015	2025	2.120%	4,464,047
Installment Purchase Debt	2020	2024	5.22%	81,146
				$ 5,450,193

NOTE 9 – LIABILITIES (Continued)

The following is a summary of maturing debt service requirements.

	General Obligations		Direct Borrowings And Direct Placements	
YEAR	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2023	$ 385,000	$ 26,538	$ 540,985	$ 106,239
2024	400,000	12,300	578,360	68,858
2025	120,000	2,400	547,175	56,266
2026	-	-	380,935	45,641
2027	-	-	209,265	40,450
2028-2032	-	-	1,098,291	150,308
2033-2037	-	-	1,190,182	58,443
TOTAL	$ 905,000	$ 41,238	$ 4,545,193	$ 526,205

2. Short-Term Debt

The following is a summary of the bond anticipation note activity for the year ended June 30, 2022:

DESCRIPTION	RATE	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Renovations And Reconstruction – General Obligations	1.25%	$ 28,308,500	$ 15,000,000	$ 816,000	$ 42,492,500

Interest expense on short term debt consisted of the following:

Interest Paid	$ 353,856
Less: Interest Accrued In Prior Year	-
Plus: Interest Accrued In Current Year	-
TOTAL EXPENSE	$ 353,856

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. **Risk Financing and Related Insurance**

The Monticello Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

B. **Tax Certiorari Proceedings**

The District may be liable for refunds related to tax assessment reviews brought on by various taxpayers. Individually, these claims would not have a material impact on the financial statements.

However, in the aggregate, if settled unfavorably, they may be material to the financial statements. The outcome cannot be reasonably estimated at this time. The District has funded its Tax Certiorari Reserve to be prepared in the event of unfavorable outcomes.

C. **Other Items**

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

D. **COVID - 19**

In the early months of 2020, the COVID – 19 pandemic spread quickly around the world, causing significant shutdowns of economic activity. As a result, the District had to switch to remote learning and incurred unanticipated costs related to the conversion. Additionally, the District recognized some savings related to budgeted activity that was no longer needed. In fiscal 2022, the District returned to in-person learning but the ultimate cost of the shutdown and the effect, if any, on future tax levies and State and Federal funding sources cannot be determined at this time.

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The District provides post-employment coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan that provides benefits for employees of the District who have reached certain levels of employment with the District. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Benefits Provided – The District provides healthcare benefits for retirees, their dependents and surviving spouses. The benefit terms and contributions required by retirees vary based on the union contract that governs the employee, and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. Retirees and surviving spouses contribute at rates ranging from 50% to 100% of premiums depending on the type of coverage and the individual contractual terms.

Employees Covered by Benefit Terms – At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	240
Active Employees	598
	838

Total OPEB Liability

The District's total OPEB liability of $92,800,935 was measured as of June 30, 2022, using an actuarial valuation as of June 30, 2020.

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.

Measurement Date	June 30, 2022
Discount Rate	3.54%
Inflation	2.50%
Payroll Growth – ERS	3.3%-8.8%
Payroll Growth – TRS	2.9%-10.0%
Initial Healthcare Cost Trend Rate	5.70%
Ultimate Healthcare Cost Trend Rate	4.04%

The actuarial cost method used in the valuation was Entry Age Normal Level Percentage of Pay Cost Method.

The discount rate was based on the 20-Bond GO Index.

Mortality rates were based on Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2020.

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

The payroll growth assumptions used in the June 30, 2020 valuation were based on the NYS ERS assumption first adopted on April 1, 2020 and the NYS TRS assumption first adopted on June 30, 2015.

Changes in the Total OPEB Liability

Balance at June 30, 2021		$ 110,502,000
Changes for the Year -		
Service Cost	5,860,408	
Interest	2,490,921	
Changes of Benefit Terms	-	
Differences between expended and actual experience	1,705,841	
Changes in assumptions or other inputs	(25,663,020)	
Benefit Payments	(2,095,215)	
Net Changes		(17,701,065)
Balance at June 30, 2022		$ 92,800,935

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1 – percentage point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current Assumption (3.54%)	1% Increase (4.54%)
Total OPEB Liability	$ 110,519,306	$ 92,800,935	$ 78,798,783

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends 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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB Liability	$ 75,691,079	$ 92,800,935	$ 115,483,480

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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 $8,624,198. 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	$ 1,516,303	$ 8,733,977
Changes of assumptions or other inputs	29,346,645	24,451,504
Total	$ 30,862,948	$ 33,185,481

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

2023	272,869
2024	272,869
2025	272,869
2026	272,869
2027	361,358
Thereafter	(3,775,367)
TOTAL	$ (2,322,533)

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 9-A to the financial statements.

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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

	ERS	TRS
Actuarial valuation date	April 1, 2021	June 30, 2020
Net pension asset/(liability)	$ 1,963,225	$ 29,545,003
District's portion of the Plan's total net pension asset/(liability)	0.0240162%	0.170494%

For the year ended June 30, 2022, the District recognized pension expense of $231,295 for ERS and $(1,604,736) for TRS. At June 30, 2022, the District reported deferred outflows/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	$ 148,678	$ 4,072,465	$ 192,843	$ 153,499
Changes of assumptions	3,276,402	9,717,969	55,286	1,720,909
Net difference between projected and actual earnings on pension plan investments	-	-	6,428,739	30,921,903
Changes in proportion and differences between the District's contributions and proportionate share of contributions	403,653	358,373	28,681	53,605
District's contributions subsequent to the measurement date	245,399	3,037,451	-	-
Total	$ 4,074,132	$ 17,186,258	$ 6,705,549	$ 32,849,916

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

District contributions subsequent to the measurement date of $245,399 for ERS and $3,037,451 for TRS will be recognized as a reduction of the net pension liability in the year June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
2022	$ -	$ (3,724,834)
2023	(374,022)	(4,368,841)
2024	(624,472)	(5,581,911)
2025	(1,591,817)	(7,426,858)
2026	(286,506)	1,414,893
Thereafter	-	986,442
TOTAL	$ 2,876,817	$ (18,701,109)

Actuarial Assumptions

The total pension liability as of the measurement date was measured 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 valuations used the following significant actuarial assumptions:

	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	4.4%	1.95%-5.18%
Inflation rate	2.7%	2.40%

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

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015-March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015-June 30, 2020.

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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

	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Asset Type:		
Domestic Equity	3.30%	6.8%
International Equity	5.85	7.6
Real Estate	5.00	6.5
Real Assets	5.80	-
Domestic Fixed Income	-	1.3
Global Bonds	-	0.8
Global Equities	-	7.1
Opportunistic/ARS Portfolio	4.10	-
Credit	3.78	-
Private Equities	6.50	10.0
Private Debt	-	5.9
High Yield Bonds	-	3.8
Real Estate Debt	-	3.3
Cash Equivalents	(1.00)	(0.2)
Fixed Income	-	-

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 employees 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.

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Sensitivity of the Proportionate Share for 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-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	$ (5,053,320)	$ 1,963,225	$ 7,832,226

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	$ 3,100,317	$ 29,545,003	$ 51,769,843

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:

	ERS (in thousands)	TRS
Valuation date	April 1, 2021	June 30, 2020
Employers' total pension liability	$ (223,874,888)	$ (130,819,415,417)
Plan Net Position	232,049,473	148,148,457,363
Employer's net pension asset/(liability)	$ 8,174,585	$ 17,329,041,946
Ratio of plan net position to the Employer's total pension asset/(liability)	103.65%	113.2%

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 represent the projected employer contribution for the period of April 1 through June 30, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to $245,699.

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions as of June 30 represent employee and employer contributions for the fiscal year 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 $3,390,803.

NOTE 13 – LEASES

Liabilities

The District has entered into lease agreements that do not qualify as a short term lease or an installment purchase under GASB 87 and, therefore, have been reported as a liability equal to the present value of future minimum lease payments. The District's current leases reported as long term liabilities are as follows:

PURPOSE	START DATE	END DATE	INTEREST RATE	PAYMENT	OUTSTANDING 06/30/22
Office Space	11/15/19	10/14/24	2.00%	$12,500/month	$ 341,681

The following is a summary of future minimum lease payments:

YEAR	PRINCIPAL	INTEREST
2023	$ 144,486	$ 5,514
2024	147,403	2,598
2025	49,792	208
TOTAL	$ 341,681	$ 8,320

Interest expense on leases consisted of the following:

Interest Paid	$ 8,962
Less: Interest Accrued In Prior Year	-
Plus: Interest Accrued In Current Year	-
TOTAL EXPENSE	$ 8,962

NOTE 13 – LEASES (Continued)

Assets

The District has reported right to use assets as a result of implementing GASB 87. Right to use assets are initially reported at an amount equal to the initial lease liability, and amortized over the life of the related lease.

Right to use asset balances and activity for the year ended June 30, 2022 were as follows:

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Right to use assets:				
Leased office space	$ 714,343	$ -	$ -	$ 714,343
Total right to use assets	714,343	-	-	714,343
Less accumulated amortization:				
Leased office space	231,035	141,627	-	372,662
Total Accumulated Amortization	231,035	141,627	-	372,662
Right to use assets, net	$ 483,308	$ 141,627	$ -	$ 341,681

Amortization expense was charged to Governmental functions as follows:

General Support	$ 141,627
	$ 141,627

NOTE 14 – TAX ABATEMENTS

The District is subject to tax abatement agreements entered into by the County of Sullivan Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2022, the District received $1,960,922 in tax abatement payments, which resulted in abated property taxes totaling $6,346,493.

NOTE 15 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2022 and September 30, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the Monticello Central School District implemented GASB Statement No. 87, *Leases* (GASB 87). As a result of the implementation of GASB 87, the District increased the beginning balance of its total assets in the statement of net position by $483,308 to reflect the value of its right to use assets (Note 13), and increased the beginning balance of its total liabilities by $483,308 to reflect the value of its lease liability (Note 13). The adjustments have no net effect on the beginning net position in the statement of activities and have no effect on the governmental fund financial statements.

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2021)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2021
REVENUES					
Local Sources:					
Real Property Taxes	$ 43,576,655	$ 43,576,655	$ 41,596,944	$ (1,979,711)	$ 42,510,433
Other Tax Items	2,386,417	2,386,417	4,008,444	1,622,027	4,272,775
Charges For Services	213,000	213,000	118,108	(94,892)	304,807
Use of Money and Property	163,647	163,647	144,068	(19,579)	125,195
Sale of Property & Compensation For Loss	20,000	20,000	97,409	77,409	53,720
Miscellaneous Local Sources	2,270,000	2,327,302	2,090,887	(236,415)	2,645,420
Interfund Revenues	-	-	4,537	4,537	-
State Sources:					
Basic Formula	31,786,691	31,786,691	32,725,191	938,500	28,590,745
Lottery Aid	3,133,102	3,133,102	4,420,080	1,286,978	4,511,145
BOCES	2,863,141	2,863,141	2,608,298	(254,843)	3,019,497
Other	2,603,953	2,603,953	692,763	(1,911,190)	653,623
Federal Sources	250,000	1,023,086	842,519	(180,567)	623,093
TOTAL REVENUES	89,266,606	90,096,994	89,349,248	(747,746)	87,310,453
OTHER FINANCING SOURCES					
Interfund Transfers In	-	-	-	-	937,098
TOTAL REVENUES AND OTHER FINANCING SOURCES	89,266,606	90,096,994	89,349,248	$ (747,746)	88,247,551
FUND BALANCE					
Appropriated Fund Balance	2,000,000	2,000,000			
Appropriated Reserves	-	528,476			
Prior Year Encumbrances	-	1,956,495			
TOTAL FUND BALANCE	2,000,000	4,484,971			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	$ 91,266,606	$ 94,581,965			

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2021)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	UNECUMBERED BALANCES	2021
EXPENDITURES						
General Support						
Board of Education	$ 106,850	$ 146,495	$ 91,632	$ 1,586	$ 53,277	$ 70,647
Central Administration	291,908	298,176	296,422	-	1,754	275,601
Finance	932,166	994,716	911,323	17,150	66,243	871,285
Staff	513,640	774,197	593,313	6,082	174,802	520,235
Central Services	5,221,192	5,527,398	4,717,934	405,071	404,393	4,574,787
Special Items	1,805,950	2,505,526	2,457,155	-	48,371	1,644,209
Instructional:						
Instruction, Administration, and Improvement	4,399,805	4,683,267	4,482,975	27,028	173,264	3,966,554
Teaching:						
Regular School	24,943,904	22,570,632	21,407,335	410,539	752,758	21,969,335
Programs For Children With Handicapped Conditions	19,498,580	19,410,814	18,723,350	128,832	558,632	17,886,878
Occupational Education	-	2,202,988	2,202,920	-	68	2,009,166
Special Schools	344,000	344,000	314,340	-	29,660	-
Instructional Media	1,429,638	2,880,951	2,502,701	98,000	280,250	1,275,296
Pupil Services	3,782,807	4,137,674	3,925,335	14,429	197,910	3,305,523
Pupil Transportation	4,491,961	4,697,698	4,315,513	109,179	273,006	3,665,705
Community Services	32,518	32,718	32,607	-	111	32,316
Employee Benefits	20,342,851	20,378,752	20,143,410	-	235,342	18,802,501
Debt Service:						
Principal	1,861,012	1,771,139	1,688,610	-	82,529	2,406,599
Interest	992,824	645,524	438,627	-	206,897	528,808
TOTAL EXPENDITURES	90,991,606	94,002,665	89,245,502	1,217,896	3,539,267	83,805,445
OTHER USES						
Interfund Transfers Out	275,000	579,300	578,362	-	938	4,424,555
TOTAL EXPENDITURES AND OTHER USES	$ 91,266,606	$ 94,581,965	89,823,864	$ 1,217,896	$ 3,540,205	88,230,000
NET CHANGE IN FUND BALANCE			(474,616)			17,551
FUND BALANCE - Beginning of Year			27,545,972			27,528,421
FUND BALANCE - End of Year			$ 27,071,356			$ 27,545,972

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018
Service Cost	$ 5,860,408	$ 4,713,265	$ 3,510,751	$ 2,723,943	$ 1,930,488
Interest	2,490,921	2,232,191	3,040,176	2,651,715	2,384,735
Changes of Benefit Terms	-	(14,055)	-	286,734	-
Differences Between Expected and Actual Experience	1,705,841	(1,698,047)	(11,006,290)	(126,247)	-
Changes of Assumptions	(25,663,020)	10,067,181	19,799,294	13,861,816	(3,368,351)
Benefit Payments	(2,095,215)	(2,166,890)	(2,140,599)	(2,038,192)	(1,508,631)
Net Change in Total OPEB Liability	(17,701,065)	13,133,645	13,203,332	17,359,769	(561,759)
Beginning Total OPEB Liability	110,502,000	97,368,355	84,165,023	66,805,254	67,367,013
Ending Total OPEB Liability	$ 92,800,935	$ 110,502,000	$ 97,368,355	$ 84,165,023	$ 66,805,254
Covered Employee Payroll	$ 41,167,434	$ 35,678,891	$ 41,296,805	$ 42,836,082	$ 40,804,583
Total OPEB Liability as a Percentage of Covered Payroll	225.4%	309.7%	235.8%	196.5%	163.72%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2022 Measurement Date:	3.54%
June 30, 2021 Measurement Date:	2.16%

Discount rate has been updated based on the 20-year, tax-exempt general obligation muncpal bonds with an average rating of AA/Aa or higher.

Mortality improvements scale has been updated from MP-2018 to MP-2020, which caused a decrease in liability.

Health care trend rates have been updated from 2020 to 2022 has been updated based on known premium rate increase.

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
YEAR ENDED JUNE 30, 2022

TRS System

	2022	2021	2020	2019	2018	2017	2016	2015
The District's proportion of the net pension asset (liability)	0.170494%	0.170731%	0.172275%	0.172605%	0.177144%	0.182945%	0.179337%	0.177923%
The District's proportionate share of the net pension asset (liability)	$ 29,545,003	$ (4,717,766)	$ 4,475,710	$ 3,121,162	$ 1,346,472	$ (1,959,421)	$ 18,627,421	$ 19,819,530
The District's covered employee payroll	28,938,325	28,978,504	28,755,459	28,115,495	28,071,533	28,230,312	26,938,882	26,973,701
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	102.10%	16.28%	15.56%	11.10%	4.80%	6.94%	69.15%	73.48%
Plan Fiduciary net position as a percentage of the total pension liability	113.2%	97.8%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

ERS System

	2022	2021	2020	2019	2018	2017	2016	2015
The District's proportion of the net pension liability	0.0240162%	0.0225264%	0.0228643%	0.0230005%	0.0232243%	0.0240426%	0.0242518%	0.0235178%
The District's proportionate share of the net pension liability	$ (1,963,225)	$ (22,430)	$ (6,054,611)	$ (1,629,656)	$ (749,552)	$ (2,259,093)	$ (3,892,474)	$ (794,489)
The District's covered employee payroll	8,165,641	7,794,457	7,411,768	7,313,717	7,405,398	6,821,965	6,521,948	6,513,081
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	24.04%	0.29%	81.69%	22.28%	10.12%	33.12%	59.68%	12.20%
Plan Fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2021

TRS System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 3,037,451	$ 2,757,822	$ 2,567,495	$ 3,053,830	$ 2,755,319	$ 3,289,984	$ 3,743,339	$ 4,722,386	$ 4,383,226	$ 3,276,702
Contribution in relation to the contractually required contribution	3,037,451	2,757,822	2,567,495	3,053,830	2,755,319	3,289,984	3,743,339	4,722,386	4,383,226	3,276,702
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution as a percentage of covered employee payroll	10.50%	9.52%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

ERS System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 1,168,417	$ 1,056,003	$ 1,055,391	$ 1,021,297	$ 1,038,813	$ 992,650	$ 1,156,937	$ 1,175,280	$ 1,284,389	$ 1,197,522
Contribution in relation to the contractually required contribution	1,168,417	1,056,003	1,055,391	1,021,297	1,038,813	992,650	1,156,937	1,175,280	1,284,389	1,197,522
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contribution as a percentage of covered employee payroll	14.31%	13.55%	14.24%	13.96%	14.03%	14.55%	17.74%	18.05%	19.95%	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	DEBT SERVICE	MISCELLANEOUS SPECIAL REVENUE	TOTAL NON_MAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash	$ 541,393	$ 142,218	$ 683,611
Cash-Restricted	-	77,256	77,256
Due From Other Funds	580,231	-	580,231
TOTAL ASSETS	$ 1,121,624	$ 219,474	$ 1,341,098
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due To Other Funds	$ -	$ 250	$ 250
TOTAL LIABILITIES	-	250	250
FUND BALANCES			
Restricted:			
Scholarships	-	77,006	77,006
Assigned:			
Unappropriated	1,121,624	142,218	1,263,842
TOTAL FUND BALANCES	1,121,624	219,224	1,340,848
TOTAL LIABILITIES AND FUND BALANCES	$ 1,121,624	$ 219,474	$ 1,341,098

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	DEBT SERVICE	MISCELLANEOUS SPECIAL REVENUE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES			
Use of Money and Property	$ 1,438	$ 6	$ 1,444
Miscellaneous Local Sources	-	150,849	150,849
TOTAL REVENUES	1,438	150,855	152,293
OTHER FINANCING SOURCES			
Premium on Obligations	579,612	-	579,612
TOTAL REVENUES AND OTHER FINANCING SOURCES	581,050	150,855	731,905
EXPENDITURES			
Instruction	-	130,431	130,431
TOTAL EXPENDITURES	-	130,431	130,431
NET CHANGE IN FUND BALANCE	581,050	20,424	601,474
FUND BALANCE - Beginning of Year	540,574	198,800	739,374
FUND BALANCE - End of Year	$ 1,121,624	$ 219,224	$ 1,340,848

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2022

ADOPTED BUDGET	$ 91,266,606
ADDITIONS:	
Encumbrances From Prior Year	1,956,495
Appropriated Reserves	528,476
Supplemental Appropriations	830,388
FINAL BUDGET	$ 94,581,965

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2022

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2022-2023 Voter Approved Expenditure Budget		$ 94,460,575
Maximum allowed (4% of Budget)		$ 3,778,423
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	1,793,608	
Unassigned Fund Balance	7,968,130	
Total Unrestricted Fund Balance		9,761,738
Less:		
Appropriated Fund Balance	575,712	
Encumbrances included in Assigned Fund Balance	1,217,896	
Total Adjustments		1,793,608
General Fund Balance subject to Section 1318 of Real Property Tax Law:		$ 7,968,130
Actual Percentage		8.44%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

			EXPENDITURES				METHODS OF FINANCING				
PROJECT TITLE	ORIGINAL APPROPRIATIONS	REVISED APPROPRIATIONS	PRIOR YEARS	CURRENT YEAR	TOTAL	UNEXPENDED BALANCE	STATE AID	DEBT PROCEEDS	LOCAL SOURCES	TOTAL	FUND BALANCE JUNE 30, 2022
Tennis Courts	$ 650,000	$ 650,000	$ 22,680	$ 662,579	$ 685,259	$ (35,259)	$ -	$ -	$ 650,062	650,062	$ (35,197)
Capital Project	54,000,000	54,000,000	21,554,154	15,705,410	37,259,564	16,740,436	-	2,507,500	4,005,486	6,512,986	(30,746,578)
Smart School Bond	490,938	490,938	20,400	397,223	417,623	73,315	417,623	-	-	417,623	-
Energy Performance Contract	3,276,876	3,276,876	-	1,545,454	1,545,454	1,731,422	-	3,276,876	-	3,276,876	1,731,422
				$ 18,310,666							$ 29,050,353

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2022

Capital Assets, Net	$ 76,687,468
Less: Outstanding Bonds	(905,000)
Outstanding Energy Performance Contract	(4,464,407)
Outstanding Installment Purchase Debt	(81,146)
Outstanding Bond Anticipation Notes	(42,492,500)
Plus: Unspent Debt Proceeds	13,442,147
Net Investment in Capital Assets	$ 42,186,562

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

GRANTOR AGENCY	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTORS NUMBER	EXPENDITURES CURRENT YEAR
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through State Dept. of Education:			
School Lunch Program	10.555	N/A	$ 602,025
School Breakfast Program	10.553	N/A	298,390
COVID-19 - Emergency Operating Cost Reimbursement	10.555	N/A	3,965
Total Child Nutrition Cluster			904,380
COVID-19 - Pandemic EBT Food Benefits	10.542	N/A	1,202
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non-cash)	10.565	N/A	77,384
TOTAL U.S DEPT. OF AGRICULTURE			982,966
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
Title I	84.010A	021-22-3320	1,398,131
Title I	84.010A	021-21-3320	159,107
Title I, School Improvement	84.010A	011-22-3090	50,959
Title I, School Improvement	84.010A	011-21-3090	1,575
Title III, A	84.365A	293-21-3320	17,101
Title III, A	84.365A	293-22-3320	71,695
Title V	84.358B	006-21-3320	317
Title V	84.358B	006-22-3320	41,906
Title IV	84.424A	204-21-3320	29,094
Title IV	84.424A	204-22-3320	46,395
Homeless Children	84.196A	212-22-3102	33,017
IDEA, Part B	84.027A	032-22-0969	990,340
IDEA, Pre-School	84.173A	033-22-0969	41,009
Total Special Education Cluster			1,031,349
Title II, A	84.367A	147-22-3320	174,392
Title II, A	84.367A	147-21-3320	4,509
COVID-19 - Cares Act – ESSER	84.425D	5890-21-3320	576,901
COVID-19 - Cares Act – GEER	84.425C	5895-21-3320	13,428
COVID-19 - CRRSA-ESSER II	84.425D	5891-21-3320	1,531,407
COVID-19 - ARP-ESSER III	84.425U	5880-21-3320	1,566,407
TOTAL U.S. DEPARTMENT OF EDUCATION			6,747,565
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 7,730,511

MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Monticello Central School District. The Monticello Central School District's reporting entity is defined in Note 1 to the District's basic financial statements. All federal financial assistance passed through other governmental agencies is included on the schedule.

The District has elected not to use the 10% indirect cost rate allowed under the Uniform Guidance.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the District's basic financial statements as follows:

Governmental Funds:	
General Fund	$ 590,329
Special Aid Fund	6,157,216
School Lunch Fund	982,966
TOTAL	$ 7,730,511

Cooper Arias, LLP
Accounting & Accountability

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

To the Board of Education of the
Monticello Central School District
Monticello, 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 Monticello 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 Monticello Central School District, New York's basic financial statements and have issued our report thereon dated September 30, 2022.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monticello Central School District, New York'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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cooper Arias, LLP

Mongaup Valley, New York
September 30, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Monticello Central School District, New York's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Monticello Central School District, New York's major federal programs for the year ended June 30, 2022. The Monticello Central School District, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Monticello Central School District, New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Monticello Central School District, New York and to meet our ethical requirements, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Monticello Central School District, New York's compliance with the requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Monticello Central School District, New York's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Monticello Central School District, New York's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Monticello Central School District, New York's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Monticello Central School District, New York's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Monticello Central School District, New York's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Monticello Central School District, New York's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Cooper Arias, LLP

Mongaup Valley, New York
September 30, 2022

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of the Monticello Central School District.

2. There were no significant deficiencies disclosed during the audit of the financial statements of the Monticello Central School District.

3. No instances of non-compliance material to the financial statements of the Monticello Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. There were no significant deficiencies disclosed during the audit of internal control over major federal award programs.

5. The auditors' report on compliance for the major federal award programs for the Monticello Central School District expresses an unmodified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported on this schedule.

7. The programs tested as major programs included:

Title I	84.010A
Title I, School Improvement	84.010A
Title I, Part D	84.010A
IDEA, Part B	84.027A
IDEA, Pre-School	84.173A
COVID-19 - Cares Act – ESSER	84.425D
COVID-19 - Cares Act – GEER	84.425C
COVID-19 - CRRSA – ESSER II	84.425D
COVID-19 - ARP – ESSER III	84.425U

8. The threshold for distinguishing Type A and B programs was $750,000.

9. The Monticello Central School District was determined to be a high-risk auditee.

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

MONTICELLO CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2022

Finding 2021-001: Title I – CFDA No. 84.010A; Grant No. 021-21-3320; Grant period – Year ending August 31, 2021; Elementary and Secondary School Emergency Relief (ESSER) – CFDA No. 5890-21-3320; Grant period – Period ending September 30, 2022

Condition: We noted several examples of federal payroll certifications that were either not present or not completed properly.

Recommendation: The District should make sure that all required certifications for the current fiscal year are on file.

Current Status: All certifications were present in the current year.

Cooper Arias, LLP
Accounting & Accountability

INDEPENDENT AUDITORS' REPORT

To The President and Board Members of
The Board of Education
Monticello Central School District
Monticello, New York

Opinions

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Monticello Central School District as of June 30, 2022, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Monticello Central School District as listed in the table of contents.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Monticello Central School District as of June 30, 2022, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the entity, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 entity'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.

Cooper Arias, LLP

Mongaup Valley, New York
September 30, 2022

MONTICELLO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
JUNE 30, 2022

ASSETS	
Cash – High School	$ 116,131
Cash – Middle School	26,087
TOTAL ASSETS	$ 142,218
FUND BALANCE	$ 142,218

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
HIGH SCHOOL EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

ACTIVITY	CASH & FUND BALANCE 6/30/21	RECEIPTS	DISBURSEMENTS	CASH & FUND BALANCE 6/30/22
Academy of Finance	$ 3,715	$ 6,760	$ 7,095	$ 3,380
Art Club	77	-	-	77
Athletic Association	13,131	1,700	2,543	12,288
Career Readiness	6,705	1,184	2,615	5,274
Class of 2018	130	-	130	-
Class of 2019	16	-	16	-
Class of 2020	-	388	-	388
Class of 2021	3,567	260	3,827	-
Class of 2022	2,974	39,945	43,210	(291)
Class of 2023	130	11,998	6,557	5,571
Class of 2024	1,104	17,568	3,820	14,852
Class of 2025	-	476	475	1
Culinary Club	1,304	-	-	1,304
Debate Club	27,480	-	3,002	24,478
ECO Club	1,737	-	-	1,737
Food and Toy Drive	22,651	5,390	6,166	21,875
Honor Society	26	139	-	165
Interact Club	928	-	-	928
Key Club	757	247	247	757
LGBTS	801	-	-	801
Monticello Dance Co.	66	-	66	-
My Brothers Keeper	401	-	-	401
NYS Sales Tax	477	3,072	2,953	596
Performing Arts	2,492	1,080	585	2,987
Red Cross	-	2,509	750	1,759
Student Council	1,221	2,144	2,976	389
Yearbook	11,108	9,931	4,625	16,414
TOTALS	$ 102,998	$ 104,791	$ 91,658	$ 116,131

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
MIDDLE SCHOOL EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE- CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

ACTIVITY	CASH & FUND BALANCE 6/30/21	RECEIPTS	DISBURSEMENTS	CASH & FUND BALANCE 6/30/22
Junior Honor Society	$ 2,629	$ 110	$ -	$ 2,739
Student Council	4,351	5	-	4,356
NY Sales Tax	2	3,200	3,176	26
Yearbook	19	5,790	5,143	666
Environmental Club	2,855	-	-	2,855
Builders Club	349	-	-	349
Red Cross	285	-	285	-
Musical	141	-	-	141
Media Club	417	-	-	417
RJK Activity Fund	281	-	-	281
6th Grade Trip	2,262	14,472	11,807	4,927
7th Grade Trip	-	5,524	2,796	2,728
RJK 8th Grade	4,792	16,956	15,315	6,433
SADD	169	-	-	169
TOTAL	$ 18,552	$ 46,057	$ 38,522	$ 26,087

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as "funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof."

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District's Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The books and records of the Extraclassroom Activity Funds of Monticello School District are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

Interest Income

Interest income earned on the bank account during the year has been credited to the Student Council Fund.

Bank Charges

All bank service charges have been charged to the respective activity fund.

FORM OF BOND COUNSEL'S OPINION

June 27, 2023

Monticello Central School District,
County of Sullivan,
State of New York

Re: Monticello Central School District, Sullivan County, New York
$22,400,000 Bond Anticipation Notes, 2023

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of $22,400,000 Bond Anticipation Notes, 2023 (the "Obligation"), of the Monticello Central School District, Sullivan County, New York (the "Obligor"), dated June 27, 2023, numbered 1-R, of the denomination of $22,400,000, bearing interest at the rate of ___% per annum, payable at maturity, and maturing on June 27, 2024.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

(a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP