PRELIMINARY OFFICIAL STATEMENT DATED JUNE 2, 2023

RENEWAL ISSUE | **BOND ANTICIPATION NOTES**

In the opinion of Trespasz & Marquardt, LLP, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. (See "TAX MATTERS" herein.).

The Notes will NOT be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

$12,705,000

HERMON-DEKALB CENTRAL SCHOOL DISTRICT

ST. LAWRENCE COUNTY, NEW YORK

GENERAL OBLIGATIONS

$12,705,000 Bond Anticipation Notes, 2023 (Renewals)

(the "Notes")

Dated: June 28, 2023 | **Due: June 28, 2024**

The Notes are general obligations of the Hermon-DeKalb Central School District, St. Lawrence 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 THE 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 in (i) registered certificated form registered in the name of the purchaser(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk. The Notes will be issued in denominations of $5,000 or multiples thereof. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Trespasz & Marquardt, LLP, Bond Counsel, Syracuse, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about June 28, 2023.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on June 7, 2023 until 10:30 A.M., Eastern Time, pursuant to the Notice of Sales. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

June __, 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 "CONTINUING DISCLOSURE" HEREIN.

HERMON-DEKALB CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK

DISTRICT OFFICIALS

2022-2023 BOARD OF EDUCATION

RONALD SMITH
President

MICHAEL MACCUE
Vice President

MARTIN AMO
KYLE BESAW
JORDAN DELEEL
MICHAEL ROBINSON
JACLYN TERIELE
ANNE WILLIAMS
JOHN WRIGHT

* * * * * * * * * * *

MARK WHITE
Superintendent

KIMBERLY FULLER
Business Manager & District Treasurer

DONNA J. ANSON
School District Clerk

FERRARA FIORENZA PC
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

TRESPASZ & MARQUARDT, LLP
BOND COUNSEL

No person has been authorized by the Hermon-DeKalb 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 the Hermon-DeKalb Central School District.

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

HERMON-DEKALB CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK

Relating To

$12,705,000 Bond Anticipation Notes, 2023 (Renewals)

This Official Statement, which includes the cover page, has been prepared by the Hermon-DeKalb Central School District, St. Lawrence County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $12,705,000 principal amount of Bond Anticipation Notes, 2023 (Renewals) (the "Notes").

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

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has continued to create, since its inception in the spring of 2020, prevailing economic conditions (at the global, national, State and local levels) that remain uncertain, have been generally negative, and are subject to the potential for rapid change as new variants emerge and as governments and other organizations respond. These conditions are expected to continue for an indefinite period of time. Significant federal and state relief measures that have been enacted since the onset of the pandemic have served to support the operations and finances of the District, but such measures were temporary in nature and are not likely to be extended or renewed, at least to such a large extent. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide and continuing event, the effects of which are extremely difficult to predict and quantify going forward. See "MARKET AND RISK FACTORS - COVID-19" herein.

THE NOTES

Description of the Notes

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

The Notes are dated June 28, 2023 and mature, without option of prior redemption, on June 28, 2024. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The District will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s).

The Notes will be issued in registered form at the option of the Purchaser(s) either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("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

On January 24, 2019 the qualified voters of the District approved a proposition authorizing a capital improvement project consisting of renovations, alterations and improvements to the District's Main School Building and Bus Garage, addition of two classrooms, and drilling new water wells (the "Capital Project") at a maximum estimated cost of $15,000,000 including the expenditure of $550,000 from the District's Capital Reserve Fund. 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 February 4, 2019 authorizing the issuance of $14,450,000 bonds and notes to finance the Capital Project.

The proceeds of the Notes together with $545,000 available funds of the District will redeem $13,250,000 bond anticipation notes maturing June 29, 2023 and issued for the Capital Project.

NATURE OF THE 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, subject to applicable statutory limitations.

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

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

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

> "A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted… While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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

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

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

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

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

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

THE SCHOOL DISTRICT

General Information

The District, with a land area of approximately 130 square miles, is located in the east-central sector of St. Lawrence County, which is in the northern portion of New York State known as the "North Country". The District contains all or a portion of the Towns of Canton, Hermon, DeKalb and Russell. It is approximately 8 miles southeast of the Village of Canton and 10 miles northeast of the Village of Gouverneur. The City of Watertown is approximately 45 miles southwest of the District.

This area of the State is known for its large dairy farms and dairy products. St. Lawrence County ranks fourteenth in the nation's counties in the value of dairy products sold, and has more milk cows and cattle than any other county in the State. Maple syrup is a major product of the area. The largest talc mines in the world and the largest zinc mines in North America are located in St. Lawrence County. Talc mines and timber firms are located within the District.

Public utilities serving the District include National Grid, Verizon and TDS Telecom. State highways serving the District include Routes #11 and #812.

Source: District officials.

District Population

The 2021 estimated population of the District is 2,661. (Source: U.S. Census Bureau, 2017-2021 American Community Survey data).

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns 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 are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2017-2021	2000	2006-2010	2017-2021
Towns of:						
Canton	$ 14,896	$ 19,589	$ 25,899	$ 43,819	$ 66,477	$ 86,739
DeKalb	13,742	18,787	21,668	37,463	43,558	47,292
Hermon	13,736	19,916	24,880	35,813	60,417	70,625
Russell	13,530	20,295	27,506	36,118	44,464	61,786
County of:						
St. Lawrence	15,728	20,143	27,457	38,510	50,384	69,328
State of:						
New York	23,389	30,948	43,208	51,691	67,405	92,731

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

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

Unemployment Rate Statistics

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

Annual Average

	2016	2017	2018	2019	2020	2021	2022
St. Lawrence County	6.7%	6.6%	5.6%	5.3%	7.9%	5.2%	4.1%
New York State	4.9	4.6	4.1	3.9	9.8	7.0	4.3

2022-23 Monthly Figures

	2022							2023				
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
St. Lawrence County	4.2%	4.8%	4.8%	3.4%	3.3%	3.8%	4.0%	5.3%	4.5%	4.0%	3.3%	N/A
New York State	4.1	4.3	4.2	3.6	3.7	3.8	3.8	4.6	4.5	4.0	3.7	N/A

Note: Unemployment rates for the month of May 2023 are not available as of the date of this Official Statement.

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

Form of School Government

The Board of Education, which is the policy-making body of the District, consists of nine members with overlapping five-year terms so that as nearly as possible an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other district offices or position while serving on the Board of Education. The President and the Vice President are selected by the Board members.

Budgetary Procedures and Recent Budget Votes

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

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

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

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

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

Recent Budget Votes

The budget for the 2022-23 fiscal year was approved by the by the qualified voters on May 17, 2022 by a vote of 181 yes to 20 no. The adopted budget included a total tax levy increase of 1.9%, which was within the District's Tax Cap of 4.45% for the 2022-23 fiscal year.

The budget for the 2023-24 fiscal year was approved by the by the qualified voters on May 16, 2023 by a vote of 160 yes to 24 no. The adopted budget included a total tax levy increase of 1.9%, which was within the District's Tax Cap of 2.90% for the 2023-24 fiscal year.

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

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

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

State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2023-24 fiscal year, approximately 78.8% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

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

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

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

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

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

Federal aid received by the State.

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

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

Since March 2020, the State has been awarded over $14 billion in Federal education COVID response funding through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act; Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSA"); and the American Rescue Plan ("ARP") Act. These funds are supporting the ability of local educational agencies to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in the State. The District has been allocated a total of approximately $2,052,326 in ARP funds and $601,707 in CRRSA funds. As of June 30, 2023, the District has received its ARP and CRRSA funds in full.

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

Building Aid

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

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The building aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2023-24 preliminary building aid ratios, the District expects to receive State building aid of approximately 93.4% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State aid history:

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

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

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately $27.9 billion, an annual increase of approximately $100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State aid, in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by $1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled $27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately $100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

School district fiscal year (2021-2022): The State's 2021-22 Enacted Budget included $29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a $1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of $13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of $629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, $105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of $10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

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

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

State Aid Litigation

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

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

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

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

State Aid Revenues

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2017-2018	$ 9,452,381	$ 6,671,080	70.58%
2018-2019	10,097,459	7,250,728	71.81
2019-2020	10,048,811	7,078,464	70.44
2020-2021	10,231,534	6,987,456	68.29
2021-2022	11,350,332	8,393,098	73.95
2022-2023 (Budgeted)	12,136,429 (1)	9,447,411	77.84
2023-2024 (Budgeted)	12,944,897 (2)	10,205,263	78.84

(1) Does not include $1,420,696 of appropriated fund balance and use of reserves.
(2) Does not include $1,317,554 of appropriated fund balance and use of reserves.

Source: 2017-18 through and including the 2021-22 audited financial statements of the District and 2022-23 and 2023-24 adopted budgets (unaudited) of the District. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
Hermon-DeKalb Central School	K-12	900	1958, ‘67, ‘92 & ‘99

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2018-19	431	2023-24	425
2019-20	438	2024-25	430
2020-21	435	2025-26	430
2021-22	403	2026-27	430
2022-23	409	2027-28	430

Source: District officials.

Employees

The District employs a total of 79 full-time and 7 part-time employees, with employees that are represented by the various bargaining units outlined below:

Number of Employees	Bargaining Unit	Contract Expiration Date
50	NYS United Teachers’ Association	June 30, 2025
27	C.S.E.A.	June 30, 2025

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 (for both Tier V and Tier VI).
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2023-24 fiscal years are as follows:

Fiscal Year	ERS	TRS
2018-2019	$ 125,534	$ 282,403
2019-2020	116,322	242,995
2020-2021	119,288	286,689
2021-2022	140,809	323,148
2022-2023	111,492	359,797
2023-2024 (Budgeted)	140,138	349,970

Source: District officials.

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. In 2014-2015, nine teachers took advantage of a $10,050 retirement incentive.

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

A chart of average ERS and TRS employer contribution rates as a percent of payroll (2018-19 to 2023-24) is shown below:

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

* Estimated. The TRS Retirement Board is expected to adopt the final 2023-24 employer contribution rate at its July 26, 2023 board meeting.

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

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

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that allows school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts are permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of June 1, 2020, the School District has established such a fund.

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

Other Post-Employment Benefits

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

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

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

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

The District contracted with an actuarial firm to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2021 and 2022 fiscal years, by source.

Balance beginning at:	July 1, 2020	July 1, 2021
	$ 23,874,173	$ 30,605,073
Changes for the year:		
Service cost	1,023,418	1,336,117
Interest on total OPEB liability	860,190	698,730
Changes in Benefit Terms	(461,176)	-
Differences between expected and actual experience	-	397,087
Changes in Assumptions or other inputs	5,949,944	(2,168,314)
Benefit payments	(641,476)	(648,852)
Net Changes	$ 6,730,900	$ (385,232)
Balance ending at:	**June 30, 2021**	**June 30, 2022**
	$ 30,605,073	**$ 30,219,841**

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

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.

Financial Statements

The School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2022 and has been filed with the Electronic Municipal Market Access ("EMMA") website. It is also attached hereto as "APPENDIX-E" to this Official Statement. Certain summary financial information of the District can also be found attached as Appendices to the Official Statement.

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

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

New York State Comptroller Reports of Examination

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

The State Comptroller's office released an audit report of the District on May 27, 2016. The purpose of the audit was to determine if controls over the District's cash receipts and non-payroll disbursements were adequate for the period July 1, 2014 through August 31, 2015. Key findings and recommendations of the audit report are summarized below:

<u>Key Findings:</u>

- District officials and employees did not always comply with the District's written regulations relating to cash receipts and non-payroll disbursements procedures.
- The Business Manager has the ability to control all phases of non-payroll transactions.
- The Business Manager has full administrative rights to the District's financial system.

<u>Key Recommendations:</u>

- Periodically review the adopted regulations relating to cash receipts and non-payroll disbursements procedures, update them if necessary and ensure compliance with them.
- Require the periodic review of journal entries prepared by the Business Manager.
- System administrator responsibilities should be assigned to an individual independent of any Business Office functions.

The State Comptroller's office released its most recent audit report of the District on December 27, 2019. The purpose of the audit was to determine whether claims were adequately documented, were for appropriate purposes and were properly audited and approved before payment. It was concluded in the audit report that District officials had implemented a well-designed system of internal controls over the claims audit process.

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

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

Fiscal Year Ending In	Stress Designation	Fiscal Score
2022	No Designation	18.3
2021	No Designation	0.0
2020	No Designation	0.0
2019	No Designation	0.0
2018	No Designation	0.0

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

Other Information

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

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
Towns of:					
Canton	$ 12,473,206	$ 12,596,332	$ 12,713,597	$ 12,995,597	$ 13,146,952
DeKalb	56,766,172	57,510,942	58,533,488	59,204,389	60,652,460
Hermon	69,426,942	69,615,236	83,145,524	83,888,706	84,722,595
Russell	2,251,844	2,225,943	2,316,372	2,321,950	2,356,001
Total Assessed Values	$ 140,918,164	$ 141,948,453	$ 156,708,981	$ 158,410,642	$ 160,878,008
State Equalization Rates					
Towns of:					
Canton	100.00%	99.00%	90.00%	90.00%	86.00%
DeKalb	99.00%	94.00%	93.00%	93.00%	84.00%
Hermon	91.00%	89.00%	100.00%	100.00%	99.00%
Russell	70.00%	70.00%	69.00%	70.00%	65.50%
Total Taxable Full Valuation	$ 149,323,037	$ 155,304,706	$ 163,568,038	$ 165,305,963	$ 176,667,790

Source: District officials.

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2019	2020	2021	2022	2022
Towns of:					
Canton	$ 17.00	$ 16.84	$ 17.76	$ 17.57	$ 17.53
DeKalb	17.17	17.73	17.19	17.01	17.95
Hermon	18.68	18.73	15.98	15.80	15.23
Russell	24.28	23.81	23.16	22.59	23.02

Source: District officials.

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged for the next 30 days and a 3% penalty for the next 15 days. On November 15th, uncollected taxes are returnable to St. Lawrence County for collection. The School District receives this amount from said County prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

Tax Levy and Collection Record

Fiscal Year Ending June 30:	2019	2020	2021	2022	2022
Total Tax Levy	$ 2,537,955	$ 2,588,460	$ 2,614,345	$ 2,614,345	$ 2,664,018
Amount Uncollected (1)	284,708	308,758	281,138	247,557	270,203
% Uncollected	11.22%	11.93%	10.75%	9.47%	10.14%

(1) The School District is assured 100% collections. See "Tax Collections Procedure" herein.

Source: District officials.

Real Property Tax Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the last five completed fiscal years and the budgeted figures for the 2022-23 and 2023-24 fiscal years comprised of 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	$ 9,452,381	$ 2,477,435	26.21%
2018-2019	10,097,459	2,548,415	25.24
2019-2020	10,048,811	2,598,982	25.86
2020-2021	10,231,534	2,623,750	25.64
2021-2022	11,350,332	2,622,118	23.10
2022-2023 (Budgeted)	12,136,429 (1)	2,664,018	21.95
2023-2024 (Budgeted)	12,944,897 (2)	2,714,634	20.97

(1) Does not include $1,420,696 of appropriated fund balance and use of reserves.
(2) Does not include $1,317,554 of appropriated fund balance and use of reserves.

Source: 2017-18 through and including the 2021-22 audited financial statements of the District and 2022-23 and 2023-24 adopted budgets (unaudited) of the District. This table is not audited.

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

Name	Type	Taxable Full Valuation
Iroquois Gas Transmission System	Utility	$ 22,546,848
Niagara Mohawk Corp.	Utility	4,409,561
Gebarten Acres	Farm	3,554,400
CSX Transportation	Railway	2,966,400
Edwards Telephone Company	Utility	1,683,782
Kenneth Corscadden	Farm	1,093,200
Whitton Farms LLC	Farm	865,400
NYS Reforestation	Government	686,600
Eric Everts	Private	612,400
Elijah Finley	Private	464,000

The larger taxpayers listed above have a total taxable full valuation of $38,882,591 which represents 24.17% of the tax base of the District.

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

Source: District officials.

STAR – School Tax Exemption

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

STAR – School Tax Exemption. The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $90,550 or less in 2021-22 and $92,000 or less in 2022-2023, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $70,700 for the 2021-22 school year and $74,900 for the 2022-23 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to $250,000, compared with a $500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of $250,000 or less have the option to select the credit or the exemption.

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

The 2022-23 Enacted State Budget 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 2023-24 District tax roll for the municipalities applicable to the District:

Town of:	Enhanced Exemption	Basic Exemption	Date Certified
Canton	$ 70,000	$ 25,800	4/6/2023
DeKalb	68,380	25,200	4/6/2023
Hermon	80,590	29,700	4/6/2023
Russell	53,320	19,650	4/6/2023

$369,400 of the District's $2,613,012 school tax levy for the 2021-22 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2022.

$344,274 of the District's $2,664,018 school tax levy for the 2022-23 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2023.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-60%, Agricultural-20%, Commercial-20%.

The estimated total annual property tax bill of a $75,000 market value residential property located in the District is approximately $1,850 including County, Town, School District and Fire District Taxes.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

The 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 one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness is contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been initially contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. 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, bond anticipation notes and capital notes.

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

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in the anticipation of the bonds. No down payment is required in connection with the issuance of District obligations. With respect to certain school building construction projects, the District is not permitted to spend in excess of $100,000 for construction costs until the plans and specifications for such project have been approved by the commissioner of Education of the State.

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

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, or summary thereof, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except in certain circumstances, the District complies with such procedure. It is a procedure that is generally recommended by Bond Counsel, but it is not an absolute legal requirement.

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

(1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,

(3) Such obligations are authorized in violation of the provisions of the Constitution.

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30:	2018	2019	2020	2021	2022
Bonds [1]	$ 3,252,000	$ 2,840,000	$ 2,445,000	$ 2,025,000	$ 1,510,000
Bond Anticipation Notes	0	0	0	11,500,000	13,250,000
Total Debt Outstanding	$ 3,252,000	$ 2,840,000	$ 2,445,000	$ 13,525,000	$ 14,760,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 2, 2023:

Type of Indebtedness	Maturity		Amount
Bonds	2023-2028		$ 1,575,000
Bond Anticipation Notes			
Capital Project	June 29, 2023		13,250,000 [1]
		Total Indebtedness	$ 14,825,000

[1] To be redeemed at maturity with proceeds of the Notes and $545,000 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 2, 2023:

Full Valuation of Taxable Real Property			$ 176,667,790
Debt Limit 10% thereof			17,666,779
Inclusions:			
Bonds	$ 1,575,000		
Bond Anticipation Notes	13,250,000		
Total Inclusions		$ 14,825,000	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 14,825,000
Net Debt-Contracting Margin			$ 2,841,779
The percent of debt contracting power exhausted is			83.91%

[1] Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2023-24 Building Aid Ratios, the School District anticipates State Building aid of 93.4% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the Building aid it anticipates, however, no assurance can be given as to when and how much Building aid the School District will receive in relation to its capital project indebtedness.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

Bonded Debt Service

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

Cash Flow Borrowings

The District, historically, has not issued tax and/or revenue anticipation notes, and does not plan on issuing any in the foreseeable future, barring any unforeseen impacts related to the COVID-19 pandemic (See also "State Aid") herein.

Capital Project Plans

The District typically borrows annually for buses. On May 16, 2023, the qualified voters of the District approved a proposition in the amount of $370,000 for the purchase of two buses. The District plans to issue serial bonds in Fall 2023 to finance the acquisition.

On January 24, 2019 the qualified voters of the District approved a proposition authorizing a capital improvement project consisting of renovations, alterations and improvements to the District's Main School Building and Bus Garage, addition of two classrooms, and drilling new water wells (the "Capital Project") at a maximum estimated cost of $15,000,000 including the expenditure of $550,000 from the District's Capital Reserve Fund. To date, the District has issued $14,000,000 bond anticipation notes pursuant to this authorization, of which $13,250,000 are currently outstanding and will mature on June 29, 2023. The current issuance of the Notes will renew a $12,705,000 portion of outstanding bond anticipation notes through June 2024.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [(1)]	Exclusions [(2)]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
St. Lawrence	12/31/2021	$ 29,495,000	$ -	$ 29,495,000	2.62%	$ 772,769
Town of:						
Canton	12/31/2021	16,784,200	-	16,784,200	3.24%	543,808
DeKalb	12/31/2021	93,917	93,917	-	50.39%	-
Hermon	12/31/2021	72,000	-	72,000	88.21%	63,511
Russell	12/31/2021	-	-	-	3.58%	-
					Total:	$ 1,380,088

Notes:

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

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

Sources: Most recent available State Comptroller's Special Report for the respective fiscal year of the municipality.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 2, 2023:

	Amount	Per Capita [(a)]	Percentage of Full Value [(b)]
Net Indebtedness [(c)]	$ 14,825,000	$ 5,571.21	8.39%
Net Indebtedness Plus Net Overlapping Indebtedness [(d)]	16,205,088	6,089.85	9.17

(a) The 2021 estimated population of the District is 2,661. (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for the District's 2022-23 tax roll is $176,667,790. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

(d) Estimated net overlapping indebtedness is $1,380,088. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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.

COVID-19

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

The District does not expect to realize any significant negative impacts from the COVID-19 pandemic through the 2022-23 fiscal year or for the foreseeable future.

TAX MATTERS

In the opinion of Trespasz & Marquardt, LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, 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, as amended (the "Code"), and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – D" hereto.

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 insure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants will result in interest on the Notes being included in gross income for federal income tax purposes as well as adjusted gross income for purposes of personal income taxes imposed by the State of New York or the City of New York, 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 excluded from adjusted gross income for federal income taxes imposed by the State of New York and the City of New York, the ownership or disposition of, or the 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, 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 Beneficial Owners from realizing the full current benefit of the tax status of such interest. Proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, 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, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinions of Trespasz & Marquardt, LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as APPENDIX – D".

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Continuing Disclosure Compliance

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

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to Fiscal Advisors are partially contingent on the successful closing of the Notes.

RATINGS

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

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their underlying rating of "A" with a Stable outlook to the District's outstanding general obligation bonds. The rating reflects only the view of S&P 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 outstanding bonds.

CUSIP IDENTIFICATION NUMBERS

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

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.

Trespasz & Marquardt, LLP, Syracuse, 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 contact information is as follows: Kimberly Fuller, Business Manager, Hermon-DeKalb Central School District, District Offices, 709 E. De Kalb Road, De Kalb Junction, New York 13630, Phone: (315) 347-3442, Fax: (315) 347-3817, Email: kfuller@hdcsk12.org.

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

HERMON-DEKALB CENTRAL SCHOOL DISTRICT

Dated: June 2, 2023

RONALD SMITH
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					
Unrestricted Cash	$ 1,152,604	$ 1,407,925	$ 1,571,417	$ 1,695,789	$ 365,578
Restricted Cash	1,457,632	934,743	994,708	1,133,737	1,413,248
Accounts Receivable	-	-	-	-	-
State and Federal Aid Receivable	131,801	152,812	207,766	358,611	1,186,790
Due from Other Funds	393,592	518,464	398,910	313,363	992,165
Due from Other Governments	290,007	297,590	362,864	283,625	413,237
Due from Fiduciary Funds	3,857	3,777	3,778	-	-
Other Funds	19,041	20,108	44,925	27,112	-
Prepaid Expenditures	4,903	4,903	4,903	4,903	4,903
TOTAL ASSETS	$ 3,453,437	$ 3,340,322	$ 3,589,271	$ 3,817,140	$ 4,375,921
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 34,654	$ 12,928	$ 118,887	$ 264,474	$ 37,809
Accrued Liabilities	32,887	21,353	18,260	82,613	53,378
Debt Service	-	-	-	-	-
Due to Other Funds	-	39,771	-	1,097	749,856
Due to Other Governments	36	324	9,792	-	-
Due to Teachers' Retirement Systems	299,767	323,319	287,915	325,363	359,422
Due to Employees Retirement Systems	37,436	39,636	37,514	46,269	32,954
Accrued Interest Payable	-	-	-	-	-
Compensated Absence	-	-	-	-	-
TOTAL LIABILITIES	404,780	437,331	472,368	719,816	1,233,419
DEFERRED INFLOWS OF RESOURCES					
Deferred State Aid	-	-	110,468	-	11,945
FUND EQUITY					
Nonspendable	$ 4,903	$ 4,903	$ 4,903	$ 4,903	$ 4,903
Restricted	1,457,632	934,743	994,708	1,133,737	1,413,248
Assigned	1,094,071	1,325,930	1,443,375	1,536,088	1,422,324
Unassigned	492,051	637,415	563,449	422,596	290,082
TOTAL FUND EQUITY	3,048,657	2,902,991	3,006,435	3,097,324	3,130,557
TOTAL LIABILITIES and FUND EQUITY	$ 3,453,437	$ 3,340,322	$ 3,589,271	$ 3,817,140	$ 4,375,921

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	$ 2,017,124	$ 2,093,810	$ 2,173,880	$ 2,230,842	$ 2,244,945
Real Property Tax Items	460,311	454,605	425,102	392,908	377,173
Charges for Services	31,691	42,912	105,454	183,282	101,996
Use of Money & Property	49,868	65,543	41,240	1,827	9,552
Sale of Property and Compensation for Loss	7,638	7,146	15,396	-	23,012
Miscellaneous	210,176	168,452	199,483	209,463	184,586
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	6,671,080	7,250,728	7,078,464	6,987,456	8,393,098
Revenues from Federal Sources	4,493	14,263	9,792	225,756	15,970
Total Revenues	$ 9,452,381	$ 10,097,459	$ 10,048,811	$ 10,231,534	$ 11,350,332
Other Sources:					
Interfund Transfers	-	-	-	-	151,181
Total Revenues and Other Sources	9,452,381	10,097,459	10,048,811	10,231,534	11,501,513
EXPENDITURES					
General Support	$ 1,224,763	$ 1,309,893	$ 1,327,146	$ 1,389,318	$ 1,451,838
Instruction	5,022,302	4,905,896	4,846,978	5,104,661	5,277,241
Pupil Transportation	438,382	410,661	406,196	426,755	477,091
Community Services	-	1,663	-	-	2,361
Employee Benefits	2,149,460	2,336,029	2,330,983	2,469,094	2,407,028
Debt Service	691,663	709,227	726,108	749,517	1,849,294
Total Expenditures	$ 9,526,570	$ 9,673,369	$ 9,637,411	$ 10,139,345	$ 11,464,853
Other Uses:					
Interfund Transfers	29,472	569,756	307,956	1,300	3,427
Total Expenditures and Other Uses	9,556,042	10,243,125	9,945,367	10,140,645	11,468,280
Excess (Deficit) Revenues Over Expenditures	(103,661)	(145,666)	103,444	90,889	33,233
FUND BALANCE					
Fund Balance - Beginning of Year	2,832,904	3,048,657	2,902,991	3,006,435	3,097,324
Prior Period Adjustments (net)	319,414 (1)	-	-	-	-
Fund Balance - End of Year	$ 3,048,657	$ 2,902,991	$ 3,006,435	$ 3,097,324	$ 3,130,557

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2022			2023	2024
	Adopted Budget	Modified Budget	Audited Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 2,244,945	$ 2,244,945	$ 2,244,945	$ 2,664,018	$ 2,714,634
Other Tax Items	372,500	372,500	377,173	-	-
Charges for Services	-	-	101,996	-	-
Use of Money & Property	21,900	21,900	9,552	-	-
Sale of Property and Compensation for Loss	-	9,604	23,012	-	-
Miscellaneous	-	-	184,586	25,000	25,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	8,691,272	8,691,272	8,393,098	9,447,411	10,205,263
Revenues from Federal Sources	10,000	20,884	15,970	-	-
Total Revenues	$ 11,340,617	$ 11,361,105	$ 11,350,332	$ 12,136,429	$ 12,944,897
Other Sources:					
Interfund Transfers	-	-	151,181	-	-
Total Revenues and Other Sources	11,340,617	11,361,105	11,501,513	12,136,429	12,944,897
EXPENDITURES					
General Support	$ 1,533,727	$ 1,589,292	$ 1,451,838	$ 1,666,231	$ 1,725,342
Instruction	6,224,596	6,160,078	5,277,241	6,446,132	7,123,878
Pupil Transportation	486,231	513,948	477,091	535,000	575,892
Community Services	2,250	2,361	2,361	2,750	2,750
Employee Benefits	2,707,412	2,709,025	2,407,028	3,031,421	3,163,497
Debt Service	1,877,489	1,877,489	1,849,294	1,860,591	1,606,092
Total Expenditures	$ 12,831,705	$ 12,852,193	$ 11,464,853	$ 13,542,125	$ 14,197,451
Other Uses:					
Interfund Transfers	45,000	45,000	3,427	15,000	65,000
Total Expenditures and Other Uses	12,876,705	12,897,193	11,468,280	13,557,125	14,262,451
Excess (Deficit) Revenues Over Expenditures	(1,536,088)	(1,536,088)	33,233	(1,420,696)	(1,317,554)
FUND BALANCE					
Fund Balance - Beginning of Year	1,536,088	1,536,088	3,097,324	1,420,696	1,317,554
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 3,130,557	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2023	$ 745,000	$ 39,341	$ 784,341
2024	520,000	29,029	549,029
2025	210,000	11,045	221,045
2026	155,000	7,103	162,103
2027	105,000	3,848	108,848
2028	60,000	1,163	61,163
TOTALS	$ 1,795,000	$ 91,528	$ 1,886,528

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2016 Refunding of 2009 Serial Bond Principal	Interest	Total	2017 Bus Bond Principal	Interest	Total
2023	$ 525,000	$ 29,400	$ 554,400	$ 40,000	$ 475	$ 40,475
2024	280,000	8,400	288,400	-	-	-
TOTALS	$ 805,000	$ 37,800	$ 842,800	$ 40,000	$ 475	$ 40,475

Fiscal Year Ending June 30th	2018 Bus Bond Principal	Interest	Total	2019 Bus Bond Principal	Interest	Total
2023	$ 40,000	$ 1,725	$ 41,725	$ 50,000	$ 2,788	$ 52,788
2024	40,000	575	40,575	50,000	1,875	51,875
2025	-	-	-	55,000	688	55,688
2026	-	-	-	-	-	-
TOTALS	$ 80,000	$ 2,300	$ 82,300	$ 155,000	$ 5,350	$ 160,350

Fiscal Year Ending June 30th	2020 Bus Bond Principal	Interest	Total	2021 Bus Bond Principal	Interest	Total
2023	$ 50,000	$ 1,986	$ 51,986	$ 40,000	$ 2,968	$ 42,968
2024	50,000	1,636	51,636	45,000	1,688	46,688
2025	55,000	1,161	56,161	45,000	1,350	46,350
2026	55,000	443	55,443	45,000	945	45,945
2027	-	-	-	45,000	360	45,360
TOTALS	$ 210,000	$ 5,224	$ 215,224	$ 220,000	$ 7,310	$ 227,310

Fiscal Year Ending June 30th	2022 Bus Bond Principal	Interest	Total
2023	$ -	$ -	$ -
2024	55,000	14,856	69,856
2025	55,000	7,847	62,847
2026	55,000	5,716	60,716
2027	60,000	3,488	63,488
2028	60,000	1,163	61,163
TOTALS	$ 285,000	$ 33,068	$ 256,906

APPENDIX - C

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 by the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect noteholders, if material; and

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

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

With respect to event (d) the 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 has agreed to provide, or cause to be provided, during the period in which the Notes are outstanding in a timely manner, to EMMA or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of its failure to provide the aforedescribed material event notices, if any, on or before the date specified.

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.

FORM OF OPINION OF BOND COUNSEL

June 28, 2023

Hermon-DeKalb Central School District
709 E. De Kalb Road
De Kalb Junction, New York 13630

Re: Hermon-DeKalb Central School District, St. Lawrence County, New York
$12,705,000 Bond Anticipation Notes, 2023 (Renewals) CUSIP No.:

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $12,705,000 Bond Anticipation Notes, 2023 (Renewals) (the "Notes") of Hermon-DeKalb Central School District, County of St. Lawrence, State of New York (the "District"). The Notes are dated June 28, 2023 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District and a Certificate of Determination dated on or before June 28, 2023 of the President of the Board of Education relative to the form and terms of the Notes.

In our opinion, the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all taxable real property within the District is subject to levy of ad valorem real estate taxes to pay the Notes and interest thereon without limitation of rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereinafter enacted.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. The President of the Board of Education of the District, in executing the Arbitrage and Use of Proceeds Certificate, has certified to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes is excluded from gross income under Section 103 of the Code. We have examined such Arbitrage and Use of Proceeds Certificate of the District delivered concurrently with the delivery of the Notes, and, in our opinion, such certificate contains provisions and procedures under which such requirements can be met.

In our opinion, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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. We have not undertaken to determine or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Notes 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 and Use of Proceeds 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 Notes to be included in gross income for federal income tax purposes or adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. We call attention to the fact that the rights and obligations under the Notes and the Arbitrage and Use of Proceeds 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 New York municipal corporations such as the School District. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. The opinions expressed herein 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 School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of or interest on the Notes as the same respectively become due and payable. Reference should be made to the Official Statement for factual information, which, in the judgment of the School District would materially affect the ability of the School District to pay such principal and interest. We have not verified the accuracy, completeness or fairness of the factual information contained in the Official Statement and, accordingly, no opinion is expressed by us as to whether the School District, in connection with the sale of the Notes, 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 light of the circumstances under which they were made, not misleading.

We have examined the first executed Note of each said issue and, in our opinion, the form of said Note and its execution are regular and proper.

Very truly yours,

TRESPASZ & MARQUARDT, LLP

HERMON-DEKALB CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2022

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

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

HERMON-DEKALB CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2022

Table of Contents

BOWERS & COMPANY
CPAs PLLC
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

BOARD OF EDUCATION
HERMON-DEKALB CENTRAL SCHOOL DISTRICT

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hermon-DeKalb Central School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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1120 Commerce Park Drive East, Watertown, NY 13601 Phone: 315.788.7690 • Fax: 315.788.0966
www.bcpllc.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 Hermon-DeKalb Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-20), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 80), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (pages 81-82), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 83), and Schedule of District's Contributions – NYSLRS Pension Plan (page 84) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hermon-DeKalb Central School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 85-89) and Schedule of Expenditures of Federal Awards (pages 96-97), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 85-89), and the Schedule of Expenditures of Federal Awards (pages 96-97) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2022, on our consideration of the Hermon-DeKalb Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hermon-DeKalb Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hermon-DeKalb Central School District's internal control over financial reporting and compliance.

Bowers & Company

Watertown, New York
October 10, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

INTRODUCTION

The following is a discussion and analysis of Hermon-DeKalb Central School District’s financial performance for the fiscal year ended June 30, 2022. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund financial statements. Responsibility for completeness and fairness of the information contained rests with the District.

FINANCIAL HIGHLIGHTS

The District’s purpose is to educate all students to high levels of academic performance while fostering positive growth in social/emotional behaviors and attitudes. The Board of Education is the governing body elected by the residents of the District. Their mission is to maintain certain standards in excellence set by the New York State Board of Regents. This has to be accomplished with the least economic impact to the local taxpayer. The following financial highlights are the District’s attempt at completing this mission.

- For the year ending June 30, 2022, total revenues of $13,568,836 were $679,885 greater than the $12,888,951 in expenses. The District’s financial position as a whole, includes a total net position deficit of $(16,425,491) as of June 30, 2022.
- The District’s portion of Assigned General Fund balance designated to reduce real estate taxes in 2022-2023 is $1,400,696 or 83% of the Assigned and Unassigned General Fund balance. At June 30, 2022, the General Fund Unassigned Fund Balance is $290,082 or 2.14% of the 2022-2023 budget.
- The total property assessment for the District in the 2021-2022 school year was $158,410,642, which was a $1,701,661 or 1.0%, increase over the 2020-2021 school year. The true value tax rate for 2021-2022 was $15.82 per thousand of assessment; a $0.16 decrease (1.0%) from 2020-2021.
- The District employs about 84 full and part time employees. There are two unions; NYSUT (teachers) and CSEA (support Staff). NYSUT has a collective bargaining agreement in place until June 30, 2025. CSEA also has a collective bargaining agreement in place until June 30, 2025.
- Total ending enrollment for the 2021-2022 school year was 414, a decrease of 15 students from the 2020-2021 school year. Our projected enrollment for fall 2022 is 414 students, which is stable for the District from previous years and similar to the current enrollment changes in neighboring school districts in the county.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

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

- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.

- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.

- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS – Continued

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS – Continued

District-Wide Statements

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

The two District-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health or *position.*

- Over time, increases or decreases in the District's net position are in indicator of whether its financial position is improving or deteriorating, respectively.

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Fund Financial Statements – Continued

The District has one kind of fund:

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $16,425,491 at the close of the most recent fiscal year. This represents a $679,885 increase in the statement of net position for the year. The overall deficit is largely due to the District's other postemployment benefit (OPEB) liability. As of June 30, 2022, the OPEB liability was $30,219,841 compared to $30,605,073 reported at the close of the prior fiscal year. See Note 12 for additional OPEB information.

The largest portion of the District's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The beginning Net Position was not restated although the beginning assets and liabilities were restated due to the District's implementation of GASB Statement No. 87, *Leases*, as explained in Note 16 of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

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

Condensed Statement of Net Position
Comparison 2020-2021 and 2021-2022

	2020-2021 (Restated)	2021-2022	Change
Assets			
Current and Other Assets	$ 5,843,050	$ 5,166,223	$ (676,827)
Capital Assets, Net	17,235,015	19,522,302	2,287,287
Net Pension Asset - Proportionate Share	-	3,465,214	3,465,214
Total Assets	$ 23,078,065	$ 28,153,739	$ 5,075,674
Deferred Outflows of Resources			
Deferred Charge on Bond Refunding	$ 81,825	$ 55,121	$ (26,704)
Other Postemployment Benefits	7,494,090	6,254,734	(1,239,356)
Pensions	2,281,692	2,339,617	57,925
Total Deferred Outflows of Resources	$ 9,857,607	$ 8,649,472	$ (1,208,135)
Liabilities			
Current Liabilities	$ 13,818,106	$ 14,753,392	$ 935,286
Long-Term Liabilities	32,352,375	31,350,965	(1,001,410)
Net Pension Liability - Proportionate Share	502,066	-	(502,066)
Total Liabilities	$ 46,672,547	$ 46,104,357	$ (568,190)
Deferred Inflows of Resources			
Pensions	$ 1,071,089	$ 4,465,195	$ 3,394,106
Other Postemployment Benefits	2,297,412	2,659,150	361,738
Total Deferred Inflows of Resources	$ 3,368,501	$ 7,124,345	$ 3,755,844
Net Position			
Net Investment in Capital Assets, Net of Related Debt	$ 4,631,668	$ 4,715,988	$ 84,320
Restricted	1,467,554	1,830,487	362,933
Unrestricted	(23,204,598)	(22,971,966)	232,632
Total Net Position	$ (17,105,376)	$ (16,425,491)	$ 679,885

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

In general, current assets are those assets that are available to satisfy current obligations and current liabilities and those liabilities that will be paid within one year. Current assets consist primarily of cash and cash equivalents of $2,419,495 and state, federal and BOCES aid receivable of $2,725,465.

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Included in deferred outflows of resources in the current year is $2,339,617 related to the District’s participation in the NYS TRS and ERS pension systems, $6,254,734 related to the District’s OPEB Plan, and $55,121 related to the deferred charge on bond refunding.

Current liabilities consist principally of accounts payable and accrued expenses totaling $164,106, amounts due to retirement systems totaling $392,571, and the current portion of long-term debt totaling $789,607. Current liabilities also include a BAN payable in the amount of $13,250,000.

In addition to liabilities, the Statement of Net Position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is $4,465,195 related to the District’s participation in the NYS TRS and ERS pension systems and $2,659,150 related to the District’s OPEB Plan.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

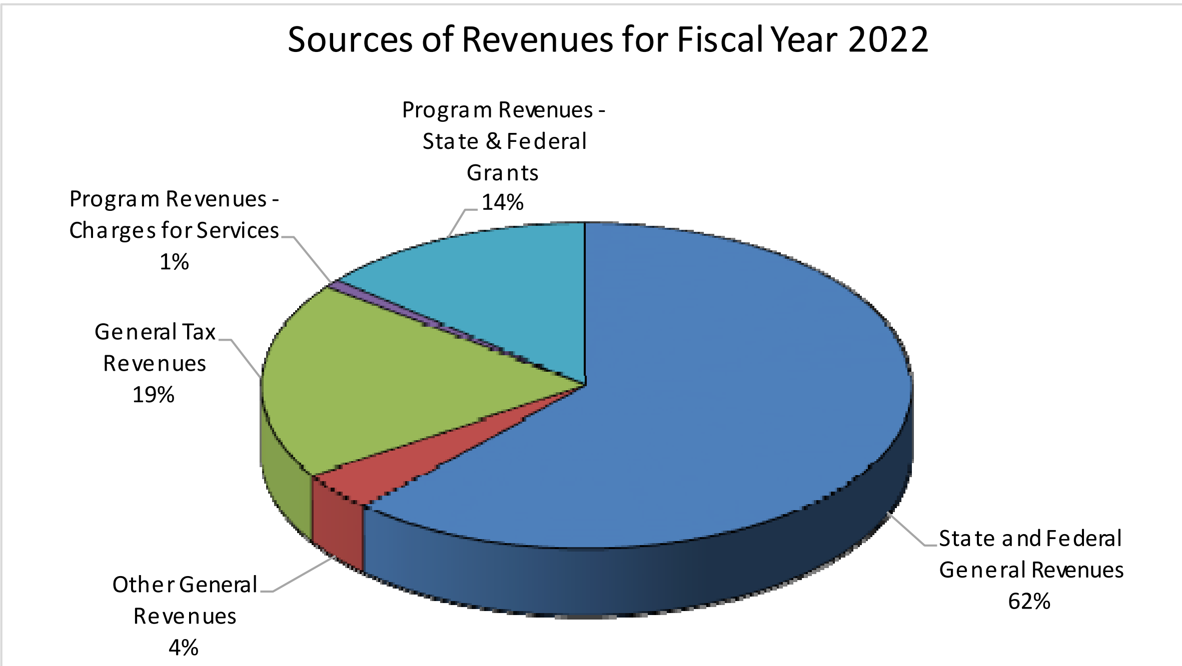
The following schedule summarizes the District's activities. The complete Statement of Activities can be found in the District's basic financial statements.

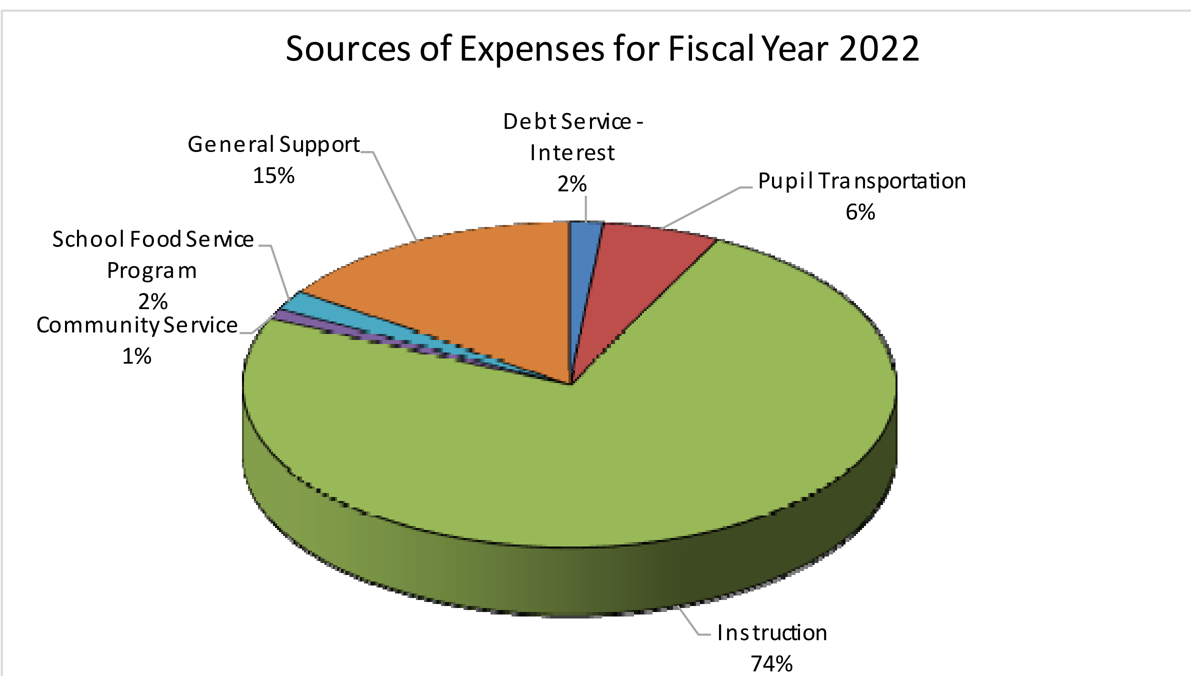
Condensed Statement of Activities
Comparison 2020-2021 and 2021-2022

	2020-2021	2021-2022	% Change
Revenues			
Program Revenues			
Charges for Services	$ 186,192	$ 113,629	-39.0%
Operating Grants	1,149,156	1,885,553	64.1%
Capital Grants	1,582	-	-100.0%
General Revenues			
Property and Other Tax Items	2,623,750	2,622,118	-0.1%
Use of Money and Property	128,310	259,763	102.4%
Sale of Property and Compensation for Loss	-	23,012	0.0%
Gain on Disposition of Fixed Assets	-	9,771	0.0%
Miscellaneous	250,374	245,922	-1.8%
State Sources	6,821,522	8,393,098	23.0%
Federal Sources	225,756	15,970	-92.9%
Total Revenues	$ 11,386,642	$ 13,568,836	19.2%
Expenses			
General Support	$ 1,996,802	$ 1,987,343	-0.5%
Instruction	9,484,768	9,671,156	2.0%
Pupil Transportation	751,665	755,329	0.5%
Community Service	-	3,732	0.0%
Debt Service - Interest	213,034	216,381	1.6%
School Food Service Program	281,877	255,010	-9.5%
Total Expenses	12,728,146	12,888,951	1.3%
Change in Net Position	$ (1,341,504)	$ 679,885	150.7%

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued





MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

The School District is heavily dependent on both state and federal aid for its funding. State and Federal Grants and State and Federal General Revenues combined account for 76% of total revenues. General Tax Revenues account for 19% of revenues received for the year. These two sources account for 95% of the total revenues received in the 2021-2022 school year.

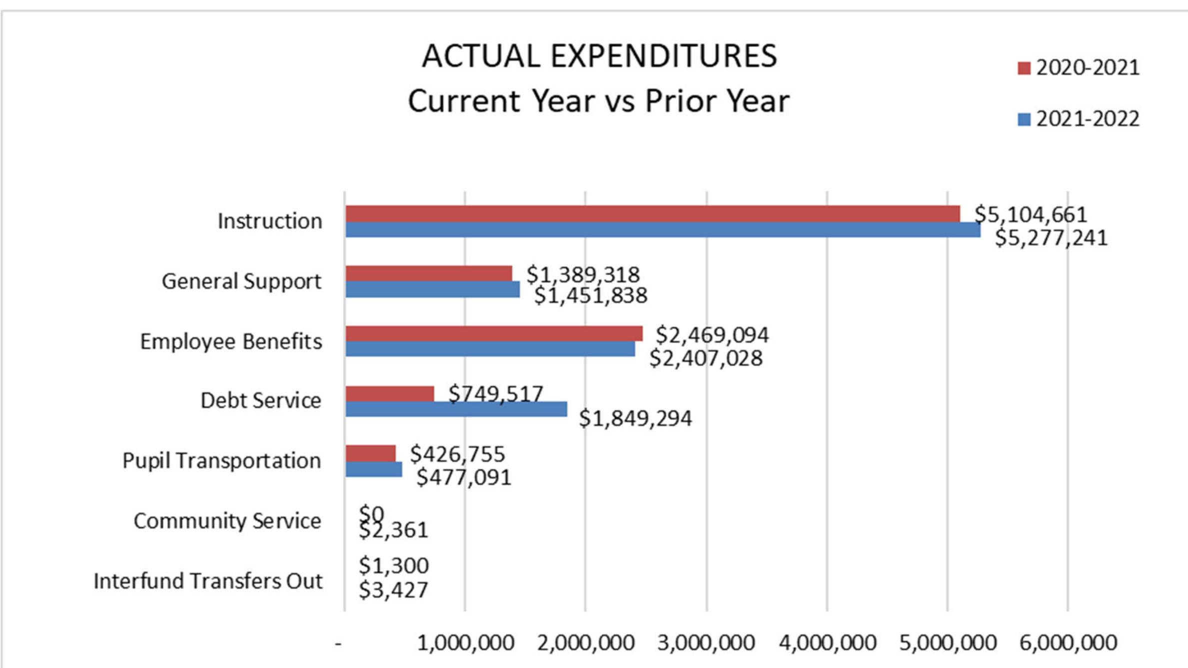
Instruction, transportation, and general support account for 95% of the total expenses of the District, which is comparative to prior year percentages.

The financial statements also include the Special Aid Fund and School Food Service Fund, which are primarily funded by state and federal aid and food sales.

General Fund Budgetary Highlights

The District's budget of $12,876,705 for 2021-2022 was approved by referendum on May 18, 2021 (84 residents voted). The District's total budget increase for 2021-2022 was $1,607,665 or a 14.27% increase from the prior year budget.

Actual expenditures for 2021-2022 including transfers of $3,427 to other funds totaled $11,468,280, for a favorable variance of $1,407,285 (under budgeted amounts). The graph below shows how the actual expenditures are distributed for each budget over the past two budget years:



MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

General Fund Budgetary Highlights – Continued

Fiscal year 2021-2022 expenditures were $1,327,635 or 13.09% more than the prior year expenditures. Expenditures for Instruction increased $172,580 in fiscal year 2021-2022 over the prior year. The District continues its efforts to continue to meet and exceed state standards, inclusive of Common Core, in all areas. The cost of the Handicapped Program were reduced based on the needs of the students. General Support expenditures increased by $62,520. The District continues to be fiscally prudent. Employee benefit expenditures decreased by $62,066 in fiscal year 2021-2022. Debt service expenditures increased by $1,099,777 in the fiscal year 2021-22.

The District appropriated $1,400,696 of the fund balance for the year ending June 30, 2022 to reduce taxes in the next fiscal year. Unspent appropriations provide cash flow at year-end when state aid is uncertain.

On May 17, 2016, the voters authorized the establishment of a Capital Reserve Fund, which by Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The reserve was authorized for up to 10 years and in an amount not to exceed $550,000 with funding from budget appropriations or fund balances. At June 30, 2018, the reserve was fully funded at $550,000. The voters subsequently approved a $15,000,000 Capital Project in January 2019, and the reserve funds were transferred to the Campus-Wide Capital Projects Fund for use. The Project was approved by the New York State Education Department in February 2020. Work on the project began in the Spring of 2020 and is expected to be completed by the end of 2022.

Revenues

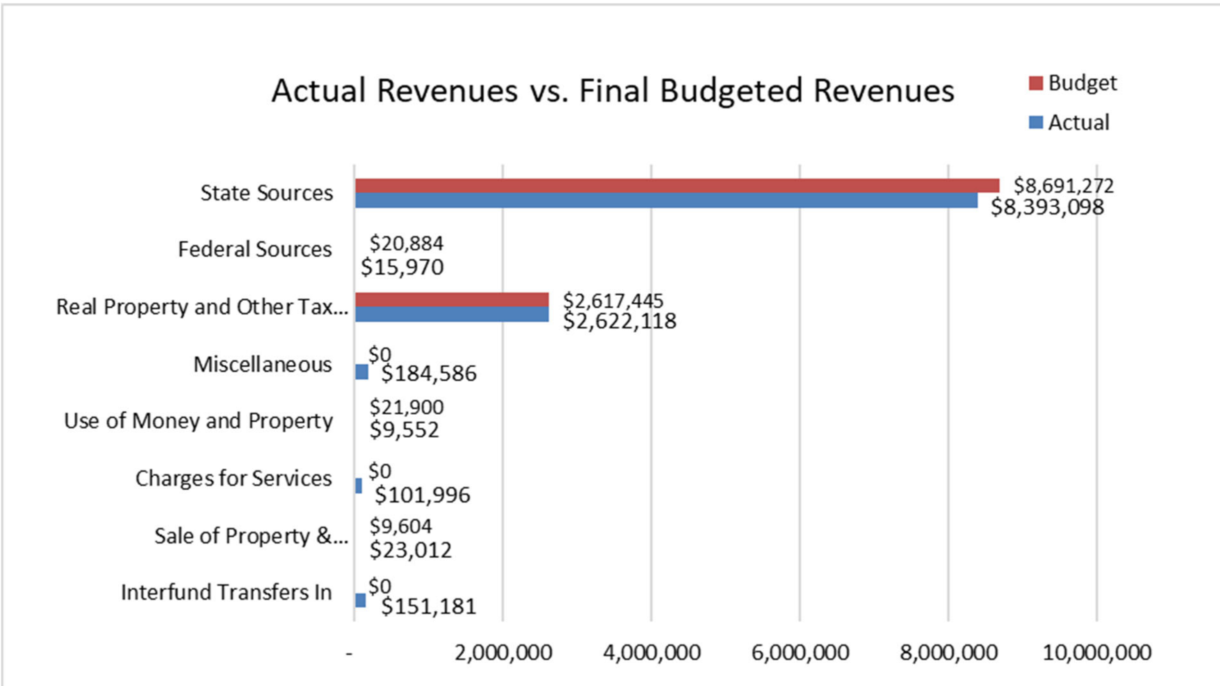
Real property tax revenues closely match the budgeted revenues. Additional unbudgeted State Aid was received largely due to Homeless Aid. Other revenue comes from the annual BOCES Refund.

As the District plans for future revenues, all districts in NYS were subject to the property tax cap legislation for the first time while developing the 2012-2013 budget. This limits the amount of revenue that can be raised via property taxes without a super majority and while the impact varies by district, it will be a factor for all districts going forward.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

Revenues – Continued



Expenditures

As the following graph portrays, expenditures were in line with the 2021-2022 final budget. The total unspent appropriation budget was $1,407,285 at June 30, 2022.

The under-spent budgeted appropriations of $1,407,285 netted with positive revenue variances of $140,408 are used to fund the Assigned and Unassigned Fund Balances for the subsequent year. The 2021-2022 Assigned Fund Balance is $1,422,324 and the Unassigned Fund Balance is $290,082. The Unassigned Fund Balance is 2.14% of the 2022-2023 school budget.

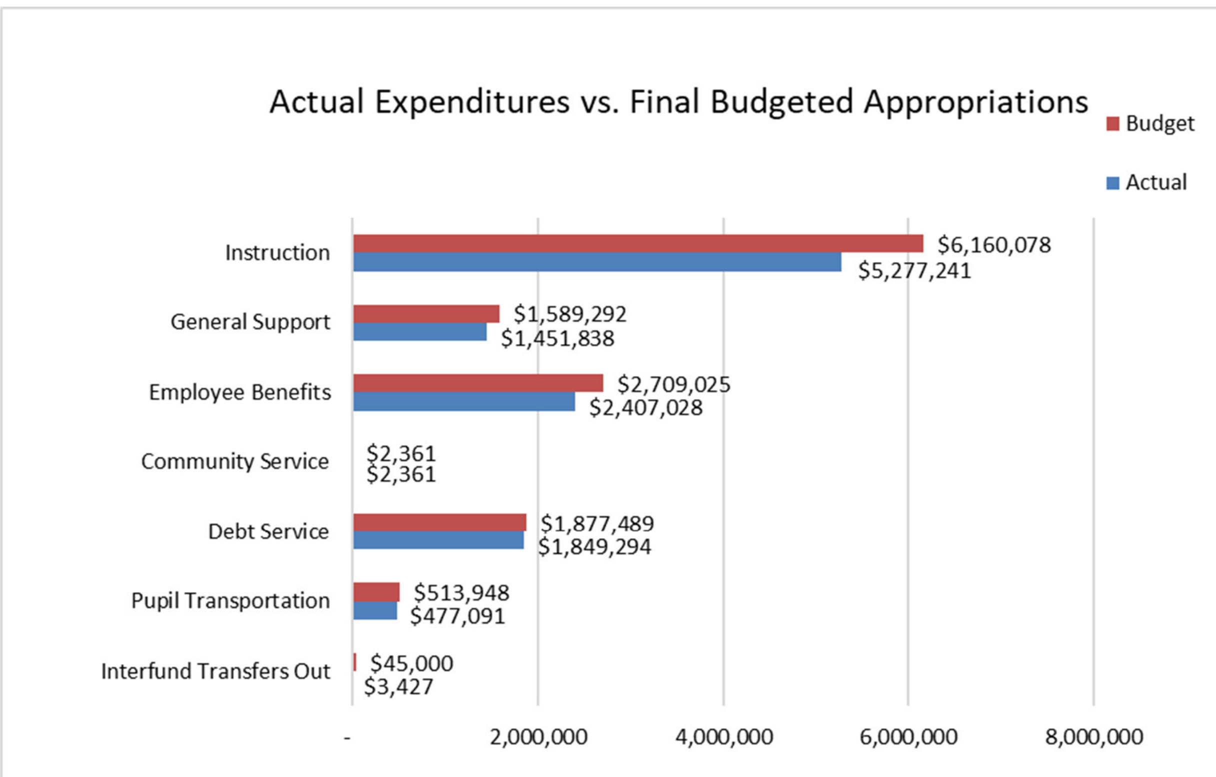
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

Expenditures – Continued

The Assigned Fund Balance needs to be maintained to help the District with cash flow at the end of the school year. In order to decrease assigned fund balance, without raising the tax levy in the subsequent year, other revenue sources (State Aid) would need to increase.

The following graph compares actual expenditures with final budgeted appropriations. Refer to Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund in the financial statements for more detailed information.



MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Land is valued at acquisition cost and the School District only owns property with structures on or adjacent to it.

Building and improvements have various dates of construction from the initial construction in 1957 to the 1967 elementary and middle school wing with the auditorium project and in 1991 the weight room, gym storage, auxiliary gymnasium and more elementary classrooms were added.

Furniture and equipment are recorded for the entire District and includes vehicles and school buses.

The Board of Education established a fixed asset policy on January 8, 2018 to capitalize fixed assets of at least $5,000.

Capital assets net of depreciation and amortization totaled $19,522,302 at June 30, 2022.

	Balance June 30, 2021*	Additions	Retirements / Reclassifications	Balance June 30, 2022
Land	$ 110,143	$ -	$ -	$ 110,143
Construction in Progress	11,356,883	2,712,778	-	14,069,661
Building & Improvements	13,042,357	33,913	(2,850)	13,073,420
Furniture & Equipment	4,443,133	221,406	(178,686)	4,485,853
Intangible Lease Assets - Equipment	19,969	-	-	19,969
Less:				
Accumulated Depreciation and Amortization	11,737,470	672,477	(173,203)	12,236,744
Net Capital Assets	$ 17,235,015	$2,295,620	$ (8,333)	$19,522,302

*2020-21 capital assets information has been restated as required by GASB 87, *Leases.* For more information on the restatement refer to Note 16.

For more information on capital assets refer to Note 6 in the notes to financial statements.

Short-Term Debt

The District received a Bond Anticipation note in the amount of $14,000,000 on August 19, 2021 to pay off the Bond Anticipation note received in the PY of $11,500,000. The District received a Bond Anticipation note in the amount of $13,250,000 on June 29, 2022 to pay off the $14,000,000 Bond Anticipation note and to finance the capital project in the short-term. For more information refer to Note 7.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION –
Continued

Long-Term Debt

The District has a bond outstanding on a capital project originally issued in 2009 and refinanced in 2016. This bond will mature on June 15, 2024.

A serial bond was issued September 1, 2021 for the purchase of two school buses in the amount of $220,000.

The District has complied with GASB 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. Regulations require the reporting of other post-employment benefits which was completed by securing the Armory Associates LLC. An actuarial valuation was completed during 2021-2022.

The long-term debt is classified as current (within one year) and long term (after one year). The District had the following breakdown of debt June 30, 2022 and 2021:

Category	Fiscal Year 2021*	Fiscal Year 2022	Total Change
General Obligation Bonds	$ 2,025,000	$ 1,510,000	$ (515,000)
Premium on Bonds	133,819	89,212	(44,607)
Compensated Absences	348,121	309,296	(38,825)
Other Postemployment Benefits Payable	30,605,073	30,219,841	(385,232)
Net Pension Liability – Proportionate Share	502,066	-	(502,066)
Lease Liability	19,969	12,223	(7,746)
Total	$ 33,634,048	$ 32,140,572	$ (1,493,476)

*2020-21 lease liability information has been restated as required by GASB 87, *Leases*. For more information on the restatement refer to Note 16.

For more information, refer to Note 8 in the notes to financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The Coronavirus Pandemic, which began during the Winter/Spring of 2020 has severely affected the operation of the school and continued to be a factor in the 2021-2022 school year. The school had five day instruction for the 2021-2022 school year. All required and necessary cleaning protocols have been established and are being followed. Masks are being worn and social distancing is being followed.

- The enactment of a Property Tax Cap may limit the District's ability to raise funds to cover expenditures.

- The impact of health insurance premiums will continue to have a significant effect on the future financial health of the District. Health insurance premiums now account for 15% of our 2021-2022 budget.

- The District voters approved a $15,000,000 Capital Project in January 2019. Work began in the Spring of 2020 and continues. Completion is anticipated by the end of 2022.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District Clerk at the following address:

Hermon Dekalb Central School
709 E. Dekalb Road
Dekalb Junction, NY 13630

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
June 30, 2022

ASSETS		
Cash and Cash Equivalents		
Unrestricted	$	491,549
Restricted		1,927,946
Receivables		
State and Federal Aid		2,312,228
Due From Other Governments		413,237
Inventories		16,360
Prepaid Expenses		4,903
Capital Assets, Net		19,522,302
Net Pension Asset – Proportionate Share		3,465,214
TOTAL ASSETS	$	28,153,739
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	$	6,254,734
Pensions		2,339,617
Deferred Charge on Bond Refunding		55,121
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	8,649,472
LIABILITIES		
Payables		
Accounts Payable	$	108,660
Accrued Liabilities		55,446
Due to Other Governments		5,071
Accrued Interest on Bonds Payable and Bond Anticipation Note		7,191
Due to Teachers' Retirement System		359,797
Due to Employees' Retirement System		32,954
Notes Payable		
Bond Anticipation		13,250,000
Unearned Credits		
Unearned Revenues – Other		144,666
Long-Term Liabilities		
Due and Payable Within One Year		
Bonds Payable, Net of Unamortized Premium		789,607
Lease Liability		7,872
Due and Payable After One Year		
Bonds Payable, Net of Unamortized Premium		809,605
Compensated Absences Payable		309,296
Other Postemployment Benefits Payable		30,219,841
Lease Liability		4,351
TOTAL LIABILITIES	$	46,104,357
DEFERRED INFLOWS OF RESOURCES		
Pensions	$	4,465,195
Other Postemployment Benefits		2,659,150
TOTAL DEFERRED INFLOWS OF RESOURCES	$	7,124,345
NET POSITION		
Net Investment in Capital Assets	$	4,715,988
Restricted for:		
Debt Service		245,589
Other Legal Restrictions		1,584,898
Unrestricted (Deficit)		(22,971,966)
TOTAL NET POSITION	$	(16,425,491)

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES
Year Ended June 30, 2022

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expenses) Revenues and Changes in Net Position
FUNCTIONS/PROGRAMS				
General Support	$ 1,987,343	$ -	$ -	$ (1,987,343)
Instruction	9,671,156	101,996	1,576,328	(7,992,832)
Pupil Transportation	755,329	-	-	(755,329)
Community Service	3,732	-	-	(3,732)
Debt Service – Interest	216,381	-	-	(216,381)
School Food Service Program	255,010	11,633	309,225	65,848
Total Functions and Programs	$ 12,888,951	$ 113,629	$ 1,885,553	(10,889,769)
GENERAL REVENUES				
Real Property Taxes				2,244,945
Other Tax Items				377,173
Use of Money and Property				259,763
Sale of Property and Compensation for Loss				23,012
Gain on Disposition of Assets				9,771
State Sources				8,393,098
Medicaid Reimbursement				15,970
Miscellaneous				245,922
Total General Revenues				11,569,654
Change in Net Position				679,885
Net Position – Beginning of Year				(17,105,376)
Net Position – End of Year				$ (16,425,491)

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2022

	General	Special Aid	Capital Projects-Campus-Wide	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents					
Unrestricted	$ 365,578	$ 3,289	$ -	$ 122,682	$ 491,549
Restricted	1,413,248	-	230,065	284,633	1,927,946
Receivables					
Due From Other Funds	992,165	-	750,000	132,879	1,875,044
State and Federal Aid	1,186,790	1,068,274	-	57,164	2,312,228
Due From Other Governments	413,237	-	-	-	413,237
Inventories	-	-	-	16,360	16,360
Prepaid Expenditures	4,903	-	-	-	4,903
TOTAL ASSETS	$ 4,375,921	$ 1,071,563	$ 980,065	$ 613,718	$ 7,041,267
LIABILITIES					
Payables					
Accounts Payable	$ 37,809	$ 17,200	$ 51,607	$ 2,044	$ 108,660
Accrued Liabilities	53,378	2,001	-	67	55,446
Due to Other Funds	749,856	916,210	145,377	63,601	1,875,044
Due to Other Governments	-	4,923	-	148	5,071
Due to Teachers' Retirement System	359,422	375	-	-	359,797
Due to Employees' Retirement System	32,954	-	-	-	32,954
Notes Payable					
Bond Anticipation	-	-	13,250,000	-	13,250,000
Unearned Credits					
Unearned Revenues – Other	-	130,854	-	13,812	144,666
Total Liabilities	1,233,419	1,071,563	13,446,984	79,672	15,831,638
DEFERRED INFLOWS OF RESOURCES					
Deferred State Aid	11,945	-	-	1,582	13,527
Total Deferred Inflows of Resources	11,945	-	-	1,582	13,527
FUND BALANCES (DEFICITS)					
Nonspendable	4,903	-	-	16,360	21,263
Restricted	1,413,248	-	-	417,239	1,830,487
Assigned	1,422,324	-	-	100,447	1,522,771
Unassigned (Deficit)	290,082	-	(12,466,919)	(1,582)	(12,178,419)
Total Fund Balances (Deficit)	3,130,557	-	(12,466,919)	532,464	(8,803,898)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	$ 4,375,921	$ 1,071,563	$ 980,065	$ 613,718	$ 7,041,267

See notes to audited basic financial statements.

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2022

Total Fund Balance - Governmental Funds		$ (8,803,898)
Amounts reported for governmental activities in the Statement of Net Position are different because:		
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 fund statements.		
Net Pension Asset - Proportionate Share – TRS	$ (3,235,312)	
Net Pension Asset - Proportionate Share – ERS	(229,902)	3,465,214
Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:		
Pensions	$ 4,465,195	
Other Postemployment Benefits	2,659,150	(7,124,345)
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:		
Pensions	$ 2,339,617	
Other Postemployment Benefits	6,254,734	
Deferred Charge on Bond Refunding	55,121	8,649,472
Long term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas, the Statement of Activities reports revenues when earned. Therefore, deferred inflows of resources are not reported on the Statement of Net Position.		13,527
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
The Cost of Capital Assets is	$ 31,759,046	
Accumulated Depreciation and Amortization is	(12,236,744)	19,522,302

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION – CONTINUED
June 30, 2022

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

Bonds Payable	$ 1,510,000	
Premium on Bonds Payable	89,212	
Lease Liability	12,223	
Accrued Interest on Bonds Payable and BAN	7,191	
Compensated Absences Payable	309,296	
Other Postemployment Benefits Payable	30,219,841	(32,147,763)
Total Net Position – Governmental Activities		$ (16,425,491)

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

Year Ended June 30, 2022

	General	Special Aid	Capital Project-Campus-Wide	Non-Major Funds	Total Governmental Funds
REVENUES					
Real Property Taxes	$ 2,244,945	$ -	$ -	$ -	$ 2,244,945
Other Tax Items	377,173	-	-	-	377,173
Charges for Services	101,996	-	-	11,633	113,629
Use of Money and Property	9,552	-	-	2,772	12,324
Sale of Property and Compensation for Loss	23,012		-	-	23,012
State Sources	8,393,098	117,083	-	5,680	8,515,861
Medicaid Reimbursement	15,970	-	-	-	15,970
Federal Sources	-	1,447,300	-	303,545	1,750,845
Miscellaneous	184,586	-	2,243	77,197	264,026
Total Revenues	11,350,332	1,564,383	2,243	400,827	13,317,785
EXPENDITURES					
General Support	1,451,838	52,332	-	41,474	1,545,644
Instruction	5,277,241	1,268,300	-	-	6,545,541
Pupil Transportation	477,091	-	-	-	477,091
Community Service	2,361	-		-	2,361
Employee Benefits	2,407,028	247,178	-	60,799	2,715,005
Debt Service					
Principal	1,472,306	-	-	20,440	1,492,746
Interest	376,988	-	-	8,250	385,238
Food Service Program					
Cost of Sales	-	-	-	143,227	143,227
Other Expenditures	-	-	-	66,253	66,253
Capital Outlay	-	-	2,712,778	214,352	2,927,130
Total Expenditures	11,464,853	1,567,810	2,712,778	554,795	16,300,236
Excess (Deficiency) of Revenues Over Expenditures	(114,521)	(3,427)	(2,710,535)	(153,968)	(2,982,451)
OTHER FINANCING SOURCES AND (USES)					
Premium on Debt Issuance	-	-	-	247,439	247,439
BANs Redeemed From Appropriations	-	-	750,000	-	750,000
Proceeds from Debt	-	-	-	220,000	220,000
Operating Transfers In	151,181	3,427	-	5,648	160,256
Operating Transfers (Out)	(3,427)	-	-	(156,829)	(160,256)
Total Other Financing Sources and (Uses)	147,754	3,427	750,000	316,258	1,217,439
Net Change in Fund Balance	33,233	-	(1,960,535)	162,290	(1,765,012)
Fund Balances (Deficit) – Beginning of Year	3,097,324	-	(10,506,384)	370,174	(7,038,886)
Fund Balances (Deficit) – End of Year	$ 3,130,557	$ -	$ (12,466,919)	$ 532,464	$ (8,803,898)

See notes to audited basic financial statements.

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

Year Ended June 30, 2022

Net Change in Fund Balances – Total Governmental Funds		$ (1,765,012)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position assets with an initial, individual cost of more than $5,000 are capitalized and in the Statement of Activities, the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded the related loss on disposal of capital assets and depreciation and amortization in the current period.		
Capital Outlays	$ 2,968,097	
Loss on Disposals	(8,333)	
Depreciation and Amortization Expense	(672,477)	2,287,287
Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period for bonds and lease liabilities.		742,746
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is decreased by the decrease in accrued interest on bonds and amortization of premium on bond issue.		168,857
In the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay) and special termination benefits (early retirement) --are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		38,825

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

Year Ended June 30, 2022

Governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Long-term revenue differences relating to ESSER and GEER Funding is reported as revenue in the Statement of Activities and a deferred inflow in the governmental funds, and therefore not reported as revenue in the governmental funds.		11,945
Proceeds of long-term debt, including premium on issuance, are recorded as another financing source for governmental funds but it is not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year.		(220,000)
On the Statement of Activities, the actual and projected long-term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits.		(1,215,862)
(Increases) decreases in proportionate share of net pension asset (liability) and related deferred inflows and outflows 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	$ 532,686	
Employees' Retirement System	98,413	631,099
Change in Net Position of Governmental Activities		$ 679,885

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Extra Classroom Activity Funds

The Extra Classroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extra Classroom Activity Funds can be found at the District's business office. Due to administrative involvement, the District accounts for assets in a special revenue fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Joint Venture

The District is one of 18 component school districts in the St. Lawrence-Lewis Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed $2,592,862 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $800,502. This represents state aid distributions of $690,089 and 2021 fund balance returned to schools of $110,413.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Basis of Presentation

District-Wide Statements

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

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

Fund Statements

The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following governmental funds:

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Basis of Presentation – Continued

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

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

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

Extra Classroom Activity Funds: Used to account for funds of the students of the District which are restricted as to use by the various student organizations where the District has administrative involvement over the funds.

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

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplementary schedules either separately or in the aggregate.

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

Permanent Fund: This fund accounts for proceeds received from various individuals and organizations that is permanently restricted and earnings only are available for use of specific scholarship and award programs based on the agreements.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Measurement Focus and Basis of Accounting

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

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

The fund 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 collectible within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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 installment purchase contracts and leases are reported as other financing sources.

Property Taxes

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

Uncollected real property taxes are subsequently enforced by St. Lawrence County, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Restricted Resources

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

Interfund Transactions

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

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

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

Estimates

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Cash and Cash Equivalents

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

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

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

Receivables

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

Inventories and Prepaid Items

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Inventories and Prepaid Items – Continued

A prepaid item was recorded in the General Fund in the amount of $4,903, which represents the District's contribution to the School and Municipal Energy Cooperative of WNY (SMEC). Contributions made by member districts are recorded by SMEC as a current liability, and members are allocated a share of the organization's net assets based on each participant share of premiums paid for the year.

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

Other Assets

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

Capital Assets and Intangible Lease Assets

Capital assets are reported at actual cost or estimated historical cost, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$ 5,000	SL	40-50 Years
Site Improvements	5,000	SL	20 Years
Furniture and Equipment	5,000	SL	5-15 Years
Vehicles	5,000	SL	8 Years

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Capital Assets and Intangible Lease Assets – Continued

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

The District does not possess any infrastructure.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the District-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the New York State Teachers' and Employees' pension systems and to Other Postemployment Benefit (OPEB) plan subsequent to the measurement date. The fourth item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and the net change in the actual and expected experience.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Deferred Outflows and Inflows of Resources – Continued

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS system) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and the net change in the actual and expected experience. The third item arises only under a modified accrual basis of accounting and is reported as unavailable revenue – Smart Schools – grant monies. This represents a deferred inflow only on the Balance Sheet in the governmental funds and revenue on the District-wide Statement of Net Position.

Unearned Revenue

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

Vested Employee Benefits

Compensated Absences

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Vested Employee Benefits – Continued

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

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

Other Benefits

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits 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.

Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Short-Term Debt – Continued

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in fully, in a timely manner, from current financial resources. Claims and judgments, other postemployment benefits payable, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

Equity Classifications

District-Wide Statements

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

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications – Continued

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

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

Fund Statements

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

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Food Service Fund of $16,360 and a $4,903 deposit to School and Municipal Energy Cooperative of WNY in the General Fund.

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

Debt Service

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

Permanent Fund – Scholarships

The fund is used to account for and report resources that are legally restricted to the extent that earnings, not principal, may be used for purposes that benefit the School District and recipients of the designated scholarships. The monies are accounted for in the Permanent Fund – Scholarships.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications – Continued

Unemployment Insurance

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

Repair

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability

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

Scholarships and Awards Fund

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications – Continued

Extra Classroom Activity Funds

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

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and if funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund.

Capital

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications – Continued

Insurance

According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

Restricted fund balance includes the following at June 30, 2022:

General Fund	
Unemployment Insurance	$ 79,784
Retirement Contributions - NYSERS	637,217
Retirement Contributions - NYSTRS	177,376
Insurance	28,429
Employee Benefit Accrued Liability	208,656
Capital	200,276
Repair	81,510
Debt Service Fund	245,589
Extra Classroom Activity Fund	50,837
Scholarships and Awards Fund	4,269
Permanent Fund - Scholarships	116,544
Total Restricted Funds	$ 1,830,487

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

Equity Classifications – Continued

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

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

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Use of Fund Balance

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

New Accounting Standards

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES –
Continued

New Accounting Standards – Continued

GASB has issued Statement No. 87, *Leases,* effective for the year ending June 30, 2022.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* effective for the year ending June 30, 2022.

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

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates (paragraphs 11b, 13 and 14)*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,* effective for the year ending June 30, 2022.

Future Changes in Accounting Standards

GASB has issued Statement No. 91, *Conduit Debt Obligations,* effective for the year ending June 30, 2023.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* effective for the year ending June 30, 2023.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements,* effective for the year ending June 30, 2023.

GASB has issued Statement No. 98, *The Annual Comprehensive Financial Report*, effective for the year ended June 30, 2023.

GASB has issued Statement No. 99, *Omnibus 2022*, effective for the year ended June 30, 2023.

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ended June 30, 2024.

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended June 30, 2025.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

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

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions and other postemployment benefits payable.

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

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

1. Long-Term Revenue and Expense Differences:

   Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a 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 difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

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

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

3. Long-Term Debt Transaction Differences:

   Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

4. Pension Differences:

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

5. OPEB Differences:

   OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases.* The implementation of the statement establishes a single lease model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. See Note 16 for the financial statement impact of the implementation of the statement.

NOTE 4 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

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

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

Budgets – Continued

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year: board approved increase for grant monies anticipated to be received by the district in the amount of $9,604 and insurance proceeds received in the amount of $10,884.

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

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

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

Encumbrances

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 4 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

Other

The Capital Projects – Smart Schools Fund shows an unassigned fund balance deficit of $1,582. This deficit will be funded when the District obtains funding from the State.

The Capital Projects – Campus-Wide Fund shows an unassigned fund balance deficit of $12,466,919. This deficit will be funded when the District obtains permanent financing for its current construction project.

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

Cash

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

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

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	$ 756,567

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $1,413,248 restricted for various fund balance reserves in the General Fund, $230,065 restricted for a voter approved project in the Capital Projects – Campus-Wide Fund, $112,983 restricted for debt service payments in the Debt Service Fund, $50,837 restricted for extra classroom in the Extra Classroom Activity Funds, $3,996 restricted for scholarships and awards in the Scholarships and Awards Fund, and $116,817 restricted for scholarships in the Permanent Fund – Scholarships within the governmental funds.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

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

Cash – Continued

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2022 all deposits were fully insured and collateralized by the District's agent, but not in the District's name.

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

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

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

Investment Pool – NYCLASS

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article5-G, §119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2022, the School District held $1,439,380 in the General Fund, $231,719 in the Capital Projects – Campus-Wide Fund, $112,983 in the Debt Service Fund, and $116,817 in the Permanent Fund – Scholarships through the cooperative classified as unrestricted and restricted cash.

The above amounts represent the cost of the investment pool shares and are considered to approximate net asset value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NYCLASS.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 – CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

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

Governmental Activities	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	$ 110,143	$ -	$ -	$ 110,143
Construction in Progress	11,356,883	2,712,778	-	14,069,661
Total Nondepreciable Assets	11,467,026	2,712,778	-	14,179,804
Other Capital Assets:				
Buildings and Improvements	13,042,357	33,913	(2,850)	13,073,420
Furniture and Equipment	4,443,133	221,406	(178,686)	4,485,853
Intangible Lease Assets - Equipment, As Restated	19,969	-	-	19,969
Total Other Capital Assets	17,505,459	255,319	(181,536)	17,579,242
Less Accumulated Depreciation:				
Buildings and Improvements	8,419,865	416,895	(1,961)	8,834,799
Furniture and Equipment	3,317,605	247,836	(171,242)	3,394,199
Less Accumulated Amortization:				
Intangible Lease Assets - Equipment	-	7,746	-	7,746
Total Accumulated Depreciation and Amortization	11,737,470	672,477	(173,203)	12,236,744
Total Other Capital Assets, Net	5,767,989	(417,158)	(8,333)	5,342,498
Capital Assets, Net	$ 17,235,015	$ 2,295,620	$ (8,333)	$ 19,522,302

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	$ 116,249
Instruction	515,384
Pupil Transportation	40,844
Total Depreciation and Amortization Expense	$ 672,477

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 – SHORT-TERM DEBT OBLIGATIONS

Short-term debt may be authorized and issued to fund Capital Project costs and other approved expenditures incurred prior to obtaining permanent financing through issuances of bond anticipation notes (BANs).

Details related to the short-term debt activity for the fiscal year ended June 30, 2022, are as follows:

	Maturity	Interest Rate (%)	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	8/20/2021	1.50%	$ 11,500,000	$ -	$ 11,500,000	$ -
BAN	6/30/2022	1.25%	-	14,000,000	14,000,000	-
BAN	6/29/2023	4.00%	-	13,250,000	-	13,250,000
			$ 11,500,000	$ 27,250,000	$ 25,500,000	$ 13,250,000

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

Interest Paid	$ 323,680
Less: Accrued Interest in the Prior Year	(150,458)
Plus: Accrued Interest in the Current Year	1,472
Total Interest on Short-Term Debt	$ 174,694

NOTE 8 – LONG-TERM DEBT OBLIGATIONS

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

Serial Bonds

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

Lease Liabilities

The District enters into agreements to lease office equipment. Leases with a lease term greater than twelve months are recorded at the present value of the future minimum lease payments as of the date of their inception.

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

Government Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable:					
General Obligation Debt:					
Serial Bonds	$ 2,025,000	$ 220,000	$ 735,000	$ 1,510,000	$ 745,000
Premium on Bonds	133,819	-	44,607	89,212	44,607
Total Bonds and Notes Payable	2,158,819	220,000	779,607	1,599,212	789,607
Other Liabilities:					
Compensated Absences Payable	348,121	-	38,825	309,296	-
Other Postemployment Benefits Liability	30,605,073	-	385,232	30,219,841	-
Net Pension Liability - Proportionate Share	502,066	-	502,066	-	-
Lease Liability, As Restated	19,969	-	7,746	12,223	7,872
Total Other Liabilities	31,475,229	-	933,869	30,541,360	7,872
Total Governmental Activities	$ 33,634,048	$ 220,000	$ 1,713,476	$ 32,140,572	$ 797,479

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences, postemployment benefits, and lease obligations.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Serial Bonds - Refunding	9/21/16	6/15/24	2.00-4.00	$ 805,000
Bus Purchase	9/1/21	9/1/26	0.50-1.60	220,000
Bus Purchase	9/1/20	9/1/25	0.50-1.61	210,000
Bus Purchase	9/5/19	9/1/24	1.00-2.50	155,000
Bus Purchase	9/5/18	9/1/23	2.75-2.875	80,000
Bus Purchase	9/1/17	9/1/22	2.25-2.375	40,000
Total Serial Bonds				$ 1,510,000

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

	Principal	Interest	Total
2023	$ 745,000	$ 39,340	$ 784,340
2024	465,000	14,173	479,173
2025	155,000	3,199	158,199
2026	100,000	1,388	101,388
2027	45,000	360	45,360
Totals	$ 1,510,000	$ 58,460	$ 1,568,460

Existing lease obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
RIC - Copiers	6/18/18	6/18/23	2.082%	$ 5,929
IKON - Copiers	8/1/20	8/1/25	2.082%	6,294
Total Lease Liability				$ 12,223

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

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

	Principal	Interest	Total
2023	$ 7,872	$ 178	$ 8,050
2024	1,984	71	2,055
2025	2,025	30	2,055
2026	342	1	343
Totals	$ 12,223	$ 280	$ 12,503

Advance Refunding

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, the amount of outstanding defeased bonds totaled approximately $835,000.

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

Interest Paid	$ 61,558
Plus: Amortization of Deferred Charge on Bond Refunding	26,704
Less: Amortization of Bond Premium	(44,607)
Less: Interest Accrued in the Prior Year	(7,687)
Plus: Interest Accrued in the Current Year	5,719
Total Interest on Long-Term Debt	$ 41,687

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS

General Information

The District participates in the New York State Teachers' Retirement System (NYSTRS) and the New York State Employees' Retirement System (NYSERS). These are cost-sharing multiple employer public employee defined benefit 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.

Teachers' Retirement System (TRS) Plan Description

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS – Continued

Employees' Retirement System (ERS) Plan Description

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

TRS Benefits Provided

Benefits

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

Tier 1

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

Tier 2

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Tier 3

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

Tier 4

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

Tier 5

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

Tier 6

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

Service Retirements

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

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

Vested Benefits

Retirement benefits vest after 5 years of credited service except for Tier 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

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

Tier Reinstatement

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of annual benefit. The applicable percentage payable beginning September 2019 is 1.0%. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

ERS Benefits Provided

Benefits

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

Tiers 1 and 2

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

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

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

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

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

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

Vested Benefits

Members who joined the System prior to January 1, 2010 need 5 years of service to be 100 percent vested. Members who joined on or after January 1, 2010 required 10 years of service credit to be 100 percent vested. As of April 9, 2022, legislation was passed that reduced the number of years of service credit from 10 years to 5 years. Therefore, all Members are vested when they reach 5 years of service credit.

Disability Retirement Benefits

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

Ordinary Death Benefits

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Post-Retirement Benefit Increases

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

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2021 and received an overall discount of $1,162).

The District's share of the required contributions, based on covered payroll paid for the current and two preceding years, were:

	NYSTRS	NYSERS
2021-2022	$ 301,994	$ 140,809
2020-2021	271,887	119,288
2019-2020	310,152	116,322

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS – Continued

Funding Policies – Continued

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised.

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

At June 30, 2022, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
District's Proportionate Share of the Net Pension Asset (Liability)	$ 229,902	$ 3,235,312
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0028124%	0.018670%
Change in Proportion (%) Since the Prior Measurement Date	0.0003276%	0.000590%

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS – Continued

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

For the year ended June 30, 2022, the District's recognized pension expense (credit) of $(98,413) for ERS and $(532,686) for TRS. At June 30, 2022, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	$ 17,411	$ 445,953	$ 22,583.00	$ 16,809
Changes of Assumptions	383,681	1,064,162	6,474	188,447
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	752,833	3,386,088
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	57,022	10,736	9,690	82,271
District's Contributions Subsequent to the Measurement Date	32,954	327,698	-	-
Total	$ 491,068	$ 1,848,549	$ 791,580	$ 3,673,615

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2023, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

	ERS	TRS
2023	$ (41,689)	$ (438,109)
2024	(73,175)	(509,151)
2025	(186,582)	(633,935)
2026	(32,020)	(822,140)
2027	-	145,753
Thereafter	-	104,818

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 – PENSION PLANS – Continued

Actuarial Assumptions

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

	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Interest Rate	5.9%	6.95%
Salary Scale	4.4%	1.3%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation Rate	2.7%	2.4%

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

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 9 – PENSION PLANS – Continued

Actuarial Assumptions – 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 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%	6.80%
International Equity	5.85%	7.60%
Private Equity	6.50%	10.00%
Global Equity		7.10%
Real Estate	5.00%	6.50%
Opportunistic / Absolute Return Strategies Portfolio	4.10%	
Credit	3.78%	
Real Assets	5.58%	
Cash	-1.00%	-0.20%
Private Debt		5.90%
Real Estate Debt		3.30%
Domestic Fixed Income Securities		1.30%
Global Bonds		0.80%
High-Yield Bonds		3.80%

Discount Rate

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - PENSION PLANS – Continued

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

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

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	$ (591,765)	$ 229,902	$ 917,187

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	$ 339,499	$ 3,235,312	$ 5,669,032

Pension Plan Fiduciary Net Position

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

(In Thousands)

	ERS	TRS	Total
Measurement Date	March 31, 2022	June 30, 2021	
Employer's Total Pension Asset (Liability)	$ (223,874,888)	$ (130,819,415)	$ (354,694,303)
Plan Net Position	232,049,473	148,148,457	380,197,930
Employer's Net Pension Asset (Liability)	$ 8,174,585	$ 17,329,042	$ 25,503,627
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	103.65%	113.25%	

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 9 - PENSION PLANS – Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to $32,954.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to $359,797.

NOTE 10 - INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund balances at June 30, 2022 are as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	$ 992,165	$ 749,856	$ 151,181	$ 3,427
Special Aid	-	916,210	3,427	-
Debt Service	132,606	-	5,648	151,181
School Food Service	-	56,098	-	-
Permanent Fund - Scholarships	-	273	-	-
Scholarships and Awards	273	-	-	-
Capital Projects - Campus-Wide	750,000	145,377	-	-
Capital Projects - Buses	-	5,648	-	5,648
Capital Projects - Smart Schools	-	1,582	-	-
Total	$ 1,875,044	$ 1,875,044	$ 160,256	$ 160,256

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 10 - INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS – Continued

The District typically transfers resources between funds for the purpose of mitigating the effects of transient cash flow issues. The General Fund advanced funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs. Unexpended funds from a capital project are transferred to the Debt Service Fund upon completion.

NOTE 11 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2022.

FUND BALANCES (DEFICITS)	General	Capital Projects - Campus-Wide	Non-Major	Total Governmental Funds
Nonspendable				
School Food Service Inventory	$ -	$ -	$ 16,360	$ 16,360
Prepaid Expenditures	4,903	-	-	4,903
Restricted				
Debt Service	-	-	245,589	245,589
Unemployment Insurance	79,784	-	-	79,784
Retirement Contributions - NYSERS	637,217	-	-	637,217
Retirement Contributions - NYSTRS	177,376	-	-	177,376
Insurance	28,429	-	-	28,429
Employee Benefit Accrued Liability	208,656	-	-	208,656
Capital	200,276	-	-	200,276
Extra Classroom Activity Fund	-	-	50,837	50,837
Scholarships and Awards Fund	-	-	4,269	4,269
Permanent Fund - Scholarships	-	-	116,544	116,544
Repair	81,510	-	-	81,510
Assigned				
General Support	12,500	-	-	12,500
Instruction	7,075	-	-	7,075
Pupil Transportation	2,053	-	-	2,053
Designated for Next Fiscal Year	1,400,696	-	-	1,400,696
School Food Service Fund	-	-	100,447	100,447
Unassigned (Deficit)				
Capital Projects - Campus-Wide	-	(12,466,919)	-	(12,466,919)
Capital Projects - Smart Schools	-	-	(1,582)	(1,582)
General Fund	290,082	-	-	290,082
Total Governmental Fund Balance (Deficit)	$ 3,130,557	$ (12,466,919)	$ 532,464	$ (8,803,898)

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	52
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	70
Total Covered Employees	122

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2022, the District recognized approximately $760,000 for its share of insurance premiums for currently enrolled retirees.

The District participates in the St. Lawrence-Lewis Health Insurance Consortium (the Plan). The Plan allows eligible District employees and spouses to continue health coverage upon retirement. The Plan does issue a publicly available financial report.

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

General Information about the OPEB Plan – Continued

The District provides postemployment health insurance 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. Under both instructional and non-instructional contracts, the District's employees will continue to pay a portion of the total cost of health insurance coverage after retirement. The District remains responsible for the remaining cost with the exception of one employee where the District assumes the full cost of health insurance coverage after retirement.

Eligible teachers are those who are at least age 55 with 10 years of service. Employees must also be eligible to retire under the TRS. Current and future retirees in the teacher employee group contribute 20% of the premium for both individual and spousal coverage. Surviving spouses do not receive health care coverage.

Eligible employees are those who are members of the CSEA employee group are at least age 55 and have 10 years of service. Employees must also be eligible under the ERS for this group. Current and future retirees contribute 30% of the plan premium for individual coverage and 50% for spousal coverage. Surviving spouses do not receive health care coverage under this plan.

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2022 which indicates that the total liability for other postemployment benefits is $30,219,841 which is reflected in the Statement of Net Position. The OPEB liability was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2021.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions	
Measurement Date	07/01/21
Rate of Compensation Increase	3.00%
Inflation Rate	2.50%
Discount Rate	2.14%
Health Care Cost Trend Rate Assumed for Next Fiscal Year	7.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	3.94%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in Years)	6

The discount rate was based on the Bond Buyer Weekly 20-Bond GO Index as of July 1, 2021.

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backwards to 2006 with scale MP-2014, and projected forward with scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Changes in the Total OPEB Liability

Balance at June 30, 2021	$ 30,605,073
Changes for the Year	
Service Cost	1,336,117
Interest	698,730
Differences Between Expected and Actual Experience	397,087
Changes of Assumptions or Other Inputs	(2,168,314)
Benefit Payments	(648,852)
Net Changes	(385,232)
Balance at June 30, 2022	$ 30,219,841

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21 percent on July 1, 2020 to 2.14 percent on July 1, 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.14 percent) or 1 percentage point higher (3.14 percent) than the current discount rate:

	1% Decrease (1.14%)	Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB Liability	$ 35,723,982	$ 30,219,841	$ 25,820,913

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

Changes in the Total OPEB Liability – Continued

Sensitivity of the Total OPEB to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (2.94 percent) or 1 percentage point higher (4.94 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 2.94%)	Healthcare Cost Trend Rates (Trend Decreasing to 3.94%)	1% Increase (Trend Plus 1% Decreasing to 4.94%)
Total OPEB Liability	$ 25,315,156	$ 30,219,841	$ 36,589,267

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 $1,215,862. 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	$ 1,196,858	$ 194,032
Changes of Assumptions or Other Inputs	4,380,795	2,465,118
Benefit Payments Subsequent to the Measurement Date	677,081	-
	$ 6,254,734	$ 2,659,150

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS – Continued

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

District benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2023	$ 547,453
2024	1,206,895
2025	1,098,163
2026	361,194
2027	(295,202)
	$ 2,918,503

NOTE 13 - RISK MANAGEMENT

General

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

Pooled Non-Risk-Retained

The District incurs costs related to an employee health insurance plan (Plan) sponsored by St. Lawrence-Lewis BOCES and its component districts. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of one (1) year; a member may withdraw from the Plan after that time by advance written notification to the Plan's Board of Directors. Plan members include eighteen (18) districts and the BOCES with the Hermon-Dekalb Central School District bearing a 2.45% share of the Plan's assets and claims liabilities.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 13 - RISK MANAGEMENT – Continued

Pooled Non-Risk-Retained – Continued

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

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

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

NOTE 14 - CONTINGENCIES AND COMMITMENTS

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

NOTE 15 – DONOR RESTRICTED ENDOWMENTS

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 15 – DONOR RESTRICTED ENDOWMENTS –
Continued

Donor-restricted endowments are reported at fair value.

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

NOTE 16 – RESTATEMENT OF FINANCIAL STATEMENTS

Due to the District's implementation of GASB Statement No. 87, *Leases,* a one-time prior-period adjustment of $19,969 must be made to Capital Assets, Net and Lease Liability on the Statement of Net Position to reflect the transition to GASB 87. The implementation has no impact on the beginning Net Position.

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

Ended June 30, 2022

Total OPEB Liability	**2022**	**2021**	**2020**	**2019**	**2018**
Service Cost	$ 1,336,117	$ 1,023,418	$ 571,859	$ 666,783	$ 775,116
Interest	698,730	860,190	787,135	751,946	746,432
Changes in Benefit Terms	-	(461,176)	-	(128,168)	-
Difference between Expected and Actual Experience	397,087	-	1,857,503	-	(2,398,972)
Changes in Assumptions or Other Inputs	(2,168,314)	5,949,944	1,176,061	(1,167,380)	(4,297,622)
Benefit Payments	(648,852)	(641,476)	(571,841)	(580,678)	541,093
Net Change in Total OPEB Liability	(385,232)	6,730,900	3,820,717	(457,497)	(4,633,953)
Total OPEB Liability - Beginning	30,605,073	23,874,173	20,053,456	20,510,953	25,144,906
Total OPEB Liability - Ending	$ 30,219,841	$ 30,605,073	$ 23,874,173	$ 20,053,456	$ 20,510,953
Covered Payroll	$ 3,784,907	$ 3,784,759	$ 3,966,296	$ 3,963,354	$ 3,521,240
Total OPEB Liability as a Percentage of Covered Payroll	798.43%	808.64%	601.93%	505.97%	582.49%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND

Year Ended June 30, 2022

	Original Budget	Final Budget
REVENUES		
Local Sources		
Real Property Taxes	$ 2,244,945	$ 2,244,945
Other Tax Items	372,500	372,500
Charges for Services	-	-
Use of Money and Property	21,900	21,900
Sale of Property and Compensation for Loss	-	9,604
Miscellaneous	-	-
Total Local Sources	2,639,345	2,648,949
State Sources	8,691,272	8,691,272
Medicaid Reimbursement	10,000	10,000
Federal Sources	-	10,884
Total Revenues	11,340,617	11,361,105
OTHER FINANCING SOURCES		
Transfers From Other Funds	-	-
Total Revenues and Other Financing Sources	11,340,617	11,361,105
EXPENDITURES		
General Support		
Board of Education	10,410	10,411
Central Administration	155,024	159,737
Finance	304,819	324,858
Staff	58,601	72,901
Central Services	616,086	632,598
Special Items	388,787	388,787
Total General Support	1,533,727	1,589,292
Instruction		
Instruction, Administration and Improvement	283,126	284,543
Teaching - Regular School	2,518,343	2,408,038
Programs for Children with Handicapping Conditions	2,117,534	2,117,534
Occupational Education	381,981	381,981
Teaching - Special School	70,973	66,850
Instructional Media	444,687	470,611
Pupil Services	407,952	430,521
Total Instruction	6,224,596	6,160,078
Pupil Transportation	486,231	513,948
Community Service	2,250	2,361
Employee Benefits	2,707,412	2,709,025
Debt Service	1,877,489	1,877,489
Total Expenditures	12,831,705	12,852,193
OTHER FINANCING USES		
Operating Transfers to Other Funds	45,000	45,000
Total Expenditures and Other Financing Uses	12,876,705	12,897,193
Net Change in Fund Balance	(1,536,088)	(1,536,088)
Fund Balances - Beginning of Year	3,097,324	3,097,324
Fund Balances - End of Year	$ 1,561,236	$ 1,561,236

Actual	Final Budget Variance With Actual
$ 2,244,945	$ -
377,173	4,673
101,996	101,996
9,552	(12,348)
23,012	13,408
184,586	184,586
2,941,264	292,315
8,393,098	(298,174)
15,970	5,970
-	(10,884)
11,350,332	(10,773)
151,181	151,181
11,501,513	$ 140,408

Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
7,226	$ -	$ 3,185
153,640	-	6,097
321,928	-	2,930
60,206	-	12,695
524,142	12,500	95,956
384,696	-	4,091
1,451,838	12,500	124,954
173,843	-	110,700
2,193,283	6,930	207,825
1,622,531	-	495,003
381,981	-	-
31,795	-	35,055
462,058	-	8,553
411,750	145	18,626
5,277,241	7,075	875,762
477,091	2,053	34,804
2,361	-	-
2,407,028	-	301,997
1,849,294	-	28,195
11,464,853	21,628	1,365,712
3,427	-	41,573
11,468,280	$ 21,628	$ 1,407,285
33,233		
3,097,324		
$ 3,130,557		

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

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN LAST EIGHT FISCAL YEARS

Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)								
District's Proportion of the Net Pension Asset (Liability)	0.018670%	0.018080%	0.017497%	0.017718%	0.016825%	0.016648%	0.016316%	0.015740%
District's Proportionate Share of the Net Pension Asset (Liability)	$ 3,235,312	$ (499,592)	$ 454,561	$ 320,383	$ 127,888	$ (178,307)	$ 1,694,679	$ 1,753,390
District's Covered Payroll	$ 3,180,688	$ 3,083,159	$ 2,918,953	$ 2,891,593	$ 2,675,195	$ 2,568,772	$ 2,470,842	$ 2,336,353
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	101.72%	16.20%	15.57%	11.08%	4.78%	6.94%	68.59%	75.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Employees' Retirement System (ERS)								
District's Proportion of the Net Pension Asset (Liability)	0.0028124%	0.0024848%	0.0026169%	0.0026472%	0.0026226%	0.0028900%	0.0029169%	0.0031027%
District's Proportionate Share of the Net Pension Asset (Liability)	$ 229,902	$ (2,474)	$ (692,975)	$ (187,564)	$ (84,642)	$ (271,550)	$ (468,171)	$ (104,816)
District's Covered Payroll	$ 927,038	$ 873,889	$ 861,431	$ 893,460	$ 865,863	$ 854,222	$ 810,716	$ 838,142
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	24.80%	0.28%	80.44%	20.99%	9.78%	31.79%	57.75%	12.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN
LAST EIGHT FISCAL YEARS
Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)								
Contractually Required Contribution	$ 301,994	$ 271,887	$ 310,152	$ 282,829	$ 312,483	$ 340,643	$ 429,632	$ 419,750
Contributions in Relation to the Contractually Required Contribution	301,994	271,887	310,152	282,829	312,483	340,643	429,632	419,750
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 3,180,688	$ 3,083,159	$ 2,918,953	$ 2,891,593	$ 2,675,195	$ 2,568,772	$ 2,470,842	$ 2,336,353
Contributions as a Percentage of Covered Payroll	9.49%	8.82%	10.63%	9.78%	11.68%	13.26%	17.39%	17.97%
Employees' Retirement System (ERS)								
Contractually Required Contribution	$ 140,809	$ 119,288	$ 116,322	$ 125,534	$ 127,807	$ 127,871	$ 136,237	$ 167,627
Contributions in Relation to the Contractually Required Contribution	140,809	119,288	116,322	125,534	127,807	127,871	136,237	167,627
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 927,038	$ 873,889	$ 861,431	$ 893,460	$ 865,863	$ 854,222	$ 810,716	$ 838,142
Contributions as a Percentage of Covered Payroll	15.19%	13.65%	13.50%	14.05%	14.76%	14.97%	16.80%	20.00%

10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

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

June 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		$ 12,876,705
Add: Prior Year's Encumbrances		-
Original Budget		12,876,705
Budget Revisions		20,488
Final Budget		$ 12,897,193

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2022-2023 Voter Approved Expenditure Budget		$ 13,557,125
Maximum Allowed 4% of 2022-2023 Budget		$ 542,285
General Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 1,422,324	
Unassigned Fund Balance	290,082	
Total Unrestricted Fund Balance	1,712,406	
Less:		
Appropriated Fund Balance	1,400,696	
Encumbrances Included in Assigned Fund Balance	21,628	
Total Adjustments	1,422,324	
General Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 290,082
Actual Percentage		2.14%

SCHEDULE OF CAPITAL PROJECTS FUND - PROJECTS EXPENDITURES AND FINANCING RESOURCES

Year Ended June 30, 2022

			Expenditures				Methods of Financing						
PROJECT	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	BANS Redeemed From Appropriations	Proceeds Of Obligations	State Aid	Local Sources	Total	Transfer to Debt Service Fund	Fund Balance (Deficit) 6/30/2022
Buses 6/30/22	$ 220,000	$ 220,000	$ -	$ 214,352	$ 214,352	$ 5,648	$ -	$ 220,000	$ -	$ -	$ 220,000	$ 5,648	$ -
Smart Schools	220,137	220,137	147,288	-	147,288	72,849	-	-	145,706	-	145,706	-	(1,582)
Capital Project - Campus-Wide	15,000,000	15,000,000	11,356,884	2,712,778	14,069,662	930,338	750,000	-	-	852,743	1,602,743	-	(12,466,919)
Totals	$ 15,440,137	$ 15,440,137	$ 11,504,172	$ 2,927,130	$ 14,431,302	$ 1,008,835	$ 750,000	$ 220,000	$ 145,706	$ 852,743	$ 1,968,449	$ 5,648	$ (12,468,501)

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

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2022

	School Food Service	Extra Classroom Activity	Scholarships and Awards	Debt Service	Capital - Buses	Capital - Smart Schools	Permanent Fund - Scholarships	Total Non-Major Funds
ASSETS								
Cash and Cash Equivalents								
Unrestricted	$ 117,034	$ -	$ -	$ -	$ 5,648	$ -	$ -	$ 122,682
Restricted	-	50,837	3,996	112,983	-	-	116,817	284,633
Receivables								
Due From Other Funds	-	-	273	132,606	-	-	-	132,879
State and Federal Aid	55,582	-	-	-	-	1,582	-	57,164
Inventories	16,360	-	-	-	-	-	-	16,360
TOTAL ASSETS	$ 188,976	$ 50,837	$ 4,269	$ 245,589	$ 5,648	$ 1,582	$ 116,817	$ 613,718
LIABILITIES								
Payables								
Accounts Payable	$ 2,044	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,044
Accrued Liabilities	67	-	-	-	-	-	-	67
Due to Other Funds	56,098	-	-	-	5,648	1,582	273	63,601
Due to Other Governments	148	-	-	-	-	-	-	148
Unearned Credits						-		
Unearned Revenues	13,812	-	-	-	-	-	-	13,812
Total Liabilities	72,169	-	-	-	5,648	1,582	273	79,672
DEFERRED INFLOWS OF RESOURCES								
Deferred State Aid	-	-	-	-	-	1,582	-	1,582
Total Deferred Inflows of Resources	-	-	-	-	-	1,582	-	1,582
FUND BALANCES (DEFICITS)								
Nonspendable	16,360	-	-	-	-	-	-	16,360
Restricted	-	50,837	4,269	245,589	-	-	116,544	417,239
Assigned	100,447	-	-	-	-	-	-	100,447
Unassigned (Deficit)	-	-	-	-	-	(1,582)	-	(1,582)
Total Fund Balances (Deficits)	116,807	50,837	4,269	245,589	-	(1,582)	116,544	532,464
TOTAL LIABILITIES, DEFFERED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	$ 188,976	$ 50,837	$ 4,269	$ 245,589	$ 5,648	$ 1,582	$ 116,817	$ 613,718

COMBINED REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	School Food Service	Extra Classroom Activity	Scholarships and Awards	Debt Service	Capital-Buses	Capital-Smart Schools	Permanent Fund - Scholarships	Total Non-Major Funds
REVENUES								
Charges for Services	$ 11,633	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,633
Use of Money and Property	7	-	-	2,765	-	-	-	2,772
State Sources	5,680	-	-	-	-	-	-	5,680
Federal Sources	303,545	-	-	-	-	-	-	303,545
Miscellaneous	3,503	69,655	4,039	-	-	-	-	77,197
Total Revenues	324,368	69,655	4,039	2,765	-	-	-	400,827
EXPENDITURES								
General Support	41,474	-	-	-	-	-	-	41,474
Employee Benefits	60,799	-	-	-	-	-	-	60,799
Debt Service:								
Principal	-	-	-	20,440	-	-	-	20,440
Interest	-	-	-	8,250	-	-	-	8,250
Food Service Program:								
Cost of Sales	143,227	-	-	-	-	-	-	143,227
Other Expenditures	-	63,403	2,850	-	-	-	-	66,253
Capital Outlay	-	-	-	-	214,352	-	-	214,352
Total Expenditures	245,500	63,403	2,850	28,690	214,352	-	-	554,795
Excess (Deficiency) of Revenues Over Expenditures	78,868	6,252	1,189	(25,925)	(214,352)	-	-	(153,968)
OTHER FINANCING SOURCES AND (USES)								
Premium on Debt Issuance	-	-	-	247,439	-	-	-	247,439
Proceeds From Debt	-	-	-	-	220,000	-	-	220,000
Operating Transfers In	-	-	-	5,648	-	-	-	5,648
Operating Transfers (Out)	-	-	-	(151,181)	(5,648)	-	-	(156,829)
Total Other Financing Sources and (Uses)	-	-	-	101,906	214,352	-	-	316,258
Net Change in Fund Balance	78,868	6,252	1,189	75,981	-	-	-	162,290
Fund Balances (Deficit) - Beginning of Year	37,939	44,585	3,080	169,608	-	(1,582)	116,544	370,174
Fund Balances (Deficit) - End of Year	$ 116,807	$ 50,837	$ 4,269	$ 245,589	$ -	$ (1,582)	$ 116,544	$ 532,464

NET INVESTMENT IN CAPITAL ASSETS
Year Ended June 30, 2022

Capital Assets, Net		$ 19,522,302
Add:		
Deferred Charge on Bond Refunding		55,121
Deduct:		
Bond Anticipation Note	$ 13,250,000	
Premium on Bonds Payable	89,212	
Short-Term Portion of Lease Liability	7,872	
Short-Term Portion of Bonds Payable	745,000	
Long-Term Portion of Lease Liability	4,351	
Long-Term Portion of Bonds Payable	765,000	14,861,435
Net Investment in Capital Assets		$ 4,715,988

FEDERAL AWARD PROGRAM INFORMATION

BOWERS & COMPANY
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CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

BOARD OF EDUCATION
HERMON-DEKALB CENTRAL SCHOOL DISTRICT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information Hermon-DeKalb Central School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Hermon-DeKalb Central School District's basic financial statements, and have issued our report thereon dated October 10, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Bowers & Company

Watertown, New York
October 10, 2022

BOWERS & COMPANY
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

BOARD OF EDUCATION
HERMON-DEKALB CENTRAL SCHOOL DISTRICT

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hermon-DeKalb Central School District'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 Hermon-DeKalb Central School District's major federal programs for the year ended June 30, 2022. Hermon-DeKalb Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hermon-DeKalb Central School District complied, in all material respects, with the types of 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 Hermon-DeKalb Central School District and to meet our other ethical responsibilities, 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 of Hermon-DeKalb Central School District's compliance with the compliance 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 Hermon-DeKalb Central School District's federal programs

Auditor's Responsibilities 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 Hermon-DeKalb Central School District'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 Hermon-DeKalb Central School District'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 Hermon-DeKalb Central School District'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 Hermon-DeKalb Central School District'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 Hermon-DeKalb Central School District'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.

Bowers & Company

Watertown, New York
October 10, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	Federal Assistance Listing	Agency or Pass-Through Number	Federal Expenditures
U. S. Department of Education			
Passed-Through NYS Education Department:			
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010A	0011-22-2096	$ 38,114
Title I Grants to Local Educational Agencies	84.010A	0011-21-2096	36,684
Title I Grants to Local Educational Agencies	84.010A	0021-22-2615	177,757
Total Title I Grants to Local Educational Agencies			252,555
Special Education Cluster			
Special Education Grants to States	84.027A	0032-22-0792	112,432
Special Education Preschool Grants	84.173A	0033-22-0792	877
Total Special Education Cluster			113,309
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-2615	192,470
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5880-21-2615	725,034
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5882-21-2615	9,464
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5884-21-2615	1,746
Total Education Stabilization Fund			928,714
Supporting Effective Instruction State Grants			
Supporting Effective Instruction State Grants	84.367A	0147-22-2615	20,877
Supporting Effective Instruction State Grants	84.367A	0147-21-2615	2,603
Total Supporting Effective Instruction State Grants			23,480
Student Support and Academic Enrichment Program	84.424A	0204-22-2615	13,258
Rural Education	84.358B	0006-22-2615	6,532
Rural Education	84.358B	0006-21-2615	5,852
Total Rural Education			12,384
Total Passed Through NYS Education Department			1,343,700
Subtotal to Next Page			$ 1,343,700

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED
Year Ended June 30, 2022

Subtotal from Previous Page		$ 1,343,700
Federal Communications Commission		
Passed-Through Universal Service Administrative Company:		
COVID-19 Emergency Connectivity Fund Program	32.009	103,600
Total Passed Through Universal Service Administrative Company		103,600
U. S. Department of Agriculture		
Passed-Through NYS Education Department:		
Child Nutrition Cluster		
Non-Cash Assistance (Food Distribution)		
National School Lunch Program	10.555	22,474
Non-Cash Assistance (Food Distribution)		22,474
Cash Assistance		
School Breakfast Program	10.553	82,255
National School Lunch Program	10.555	183,626
Summer Food Service Program for Children	10.559	15,190
Cash Assistance Subtotal		281,071
Total Child Nutrition Cluster		303,545
Total Passed Through NYS Education Department		303,545
Total U.S. Department of Agriculture		303,545
Total Federal Assistance		$ 1,750,845

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District's financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source of the data presented.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

NOTE 3 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

NOTE 4 – SCOPE OF AUDIT

The District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

NOTE 5 – OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds is covered by the District's casualty insurance policies.

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

NOTE 6 – NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted $22,474 of commodities under the Summer Food Service Program for Children (Assistance Listing 10.555).

At June 30, 2022, the District has food commodities totaling $7,785 in inventory.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

NOTE A – SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Hermon-DeKalb Central School District.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of Hermon-DeKalb Central School District.
3. No instances of noncompliance material to the financial statements of Hermon-DeKalb Central School District, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs of Hermon-DeKalb Central School District.
5. The auditor's report on compliance for the major federal award programs for Hermon-DeKalb Central School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR Section 200.516(a) related to the major federal award programs for Hermon-DeKalb Central School District.
7. The programs tested as major programs includes:

U.S. Department of Education	
Passed-Through NYS Education Department	
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D

8. The threshold for distinguishing between Type A and B programs was $750,000.
9. Hermon-DeKalb Central School District was determined not to be a low-risk auditee.

NOTE B – FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings to report.

NOTE C – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings to report.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

NOTE A – FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year audit findings.

NOTE B – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior year audit findings.

EXTRA CLASSROOM ACTIVITY FUNDS

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INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

BOARD OF EDUCATION
HERMON-DEKALB CENTRAL SCHOOL DISTRICT

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Hermon-DeKalb Central School District for the year ended June 30, 2022 and the related note to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Hermon-DeKalb Central School District for the year then ended June 30, 2022, in accordance with cash basis of accounting described in Note 1.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statement

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

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

In performing an audit in accordance auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts, we:

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

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

Bowers & Company

Watertown, New York
October 10, 2022

EXTRA CLASSROOM ACTIVITY FUNDS – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2022

	Cash Balance 07/01/2021	Cash Receipts	Cash Disbursements	Cash Balance 06/30/2022
Class of:				
2021	$ 1,114	$ -	$ 684	$ 430
2022	10,798	15,772	23,897	2,673
2023	5,621	12,635	8,730	9,526
2024	1,230	12,253	6,235	7,248
2025	-	7,056	4,316	2,740
Athletic Account	664	165	394	435
Drama Club	2,740	-	22	2,718
Fine Arts Club	1,633	-	-	1,633
Interest Account	87	3	-	90
National Honor Society	576	2,240	1,652	1,164
NYS Sales Tax	439	1,059	1,006	492
Outing Club	4,906	14,841	12,699	7,048
Student Council	7,293	-	168	7,125
Yearbook	7,484	3,631	3,600	7,515
Total	$ 44,585	$ 69,655	$ 63,403	$ 50,837

See note to the financial statement.

EXTRA CLASSROOM ACTIVITY FUNDS - NOTE TO FINANCIAL STATEMENT
June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activity Funds of the Hermon-DeKalb Central School District represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management.

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