

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

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

\$7,762,000



EAST ROCHESTER UNION FREE SCHOOL DISTRICT

MONROE COUNTY, NEW YORK

GENERAL OBLIGATIONS

\$7,762,000 Bond Anticipation Notes, 2025

(the "Notes")

Dated: June 25, 2025

Due: June 25, 2026

The Notes are general obligations of the East Rochester Union Free School District, Monroe County, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

At the option of the purchaser, the Notes will be issued in (i) registered certificated form registered in the name of the successful bidder 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. 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, except for one necessary odd denomination which is or includes \$7,000. 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 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 and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser, or about June 25, 2025.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on June 12, 2025 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

May 30, 2025

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



SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

PATRICK FLANAGAN

President

VINCENT ANTONICELLI

Vice President

JEFFERY UGINE

Member

MATT HOGAN

Member

JENALEE HERB

Member

* * * * *

SCHOOL DISTRICT ADMINISTRATION

JAMES HAUGH

Superintendent

STACI SANSOUCIE

Assistant Superintendent for Finance & Operations

BOBBIE L. BILINSKI

District Treasurer

KRISTEN ADLER

School District Clerk



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



orrick

ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

No person has been authorized by East Rochester Union Free 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 East Rochester Union Free School District.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
NATURE OF OBLIGATION	1	STATUS OF INDEBTEDNESS (CONT.)	21
THE NOTES	2	Capital Project Plans	21
Description of the Notes	2	Estimated Overlapping Indebtedness	22
No Optional Redemption	2	Debt Ratios.....	22
Purpose of Issue	3	SPECIAL PROVISIONS AFFECTING	
BOOK-ENTRY-ONLY SYSTEM	3	REMEDIES UPON DEFAULT	22
Certificated Notes.....	4	MARKET AND RISK FACTORS.....	24
THE SCHOOL DISTRICT	5	TAX MATTERS.....	25
General Information	5	LEGAL MATTERS	26
Population	5	LITIGATION	26
Selected Wealth and Income Indicators	5	CONTINUING DISCLOSURE.....	27
Five Largest Employers	5	Historical Compliance.....	27
Unemployment Rate Statistics	6	MUNICIPAL ADVISOR	27
Form of School Government.....	6	CUSIP IDENTIFICATION NUMBERS	27
Budgetary Procedures	6	RATING.....	27
Investment Policy	7	MISCELLANEOUS.....	27
State Aid.....	7	APPENDIX – A	
State Aid Revenues	10	GENERAL FUND - Balance Sheets	
District Facilities	10	APPENDIX – A1	
Enrollment Trends.....	10	GENERAL FUND – Revenues, Expenditures and	
Employees	11	Changes in Fund Balance	
Status and Financing of Employee Pension Benefits	11	APPENDIX – A2	
Other Post-Employment Benefits.....	13	GENERAL FUND – Revenues, Expenditures and	
Other Information.....	14	Changes in Fund Balance - Budget and Actual	
Financial Statements	14	APPENDIX – B	
New York State Comptroller Report of Examination.....	14	BONDED DEBT SERVICE	
The State Comptroller’s Fiscal Stress Monitoring System...	15	APPENDIX – B1	
TAX INFORMATION.....	15	CURRENT BONDS OUTSTANDING	
Taxable Assessed Valuations	15	APPENDIX – C	
Tax Rate Per \$1,000 (Assessed).....	16	MATERIAL EVENT NOTICES	
Tax Collection Procedure.....	16	APPENDIX – D	
Tax Levy and Tax Collection Record.....	16	AUDITED FINANCIAL STATEMENTS	
Real Property Tax Revenues	16	For the Fiscal Year Ending June 30, 2024	
Ten Largest Taxpayers – 2024 Assessment Roll for 2024-25		APPENDIX – E	
School District Tax Roll.....	17	FORM OF BOND COUNSEL’S OPINION	
Additional Tax Information.....	17		
STAR – School Tax Exemption.....	17		
TAX LEVY LIMITATION LAW	18		
STATUS OF INDEBTEDNESS	19		
Constitutional Requirements	19		
Statutory Procedure	20		
Debt Outstanding End of Fiscal Year.....	20		
Details of Outstanding Indebtedness	20		
Debt Statement Summary.....	21		
Bonded Debt Service.....	21		
Cash Flow Borrowings.....	21		

PREPARED WITH THE ASSISTANCE OF



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

OFFICIAL STATEMENT
of the
EAST ROCHESTER UNION FREE SCHOOL DISTRICT
MONROE COUNTY, NEW YORK

Relating To
\$7,762,000 Bond Anticipation Notes, 2025

This Official Statement, which includes the cover page and appendices, has been prepared by the East Rochester Union Free School District, Monroe County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$7,762,000 principal amount of Bond Anticipation Notes, 2025 (the "Notes").

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

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

NATURE OF OBLIGATION

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

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

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

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

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal 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 District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See “NATURE OF OBLIGATION” and “TAX LEVY LIMITATION LAW” herein.

The Notes will be dated June 25, 2025 and will mature June 25, 2026. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the purchaser 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

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including among other things, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on February 6, 2024 authorizing the issuance of \$8,060,000 serial bonds and bond anticipation notes, along with the expenditure of \$1,940,000 capital reserve fund monies, for various reconstruction and improvements to District buildings and facilities at a maximum estimated cost of \$10,000,000.

The proceeds of the Notes will provide new money for the aforementioned project.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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 such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof except for one necessary odd denomination which is or includes \$7,000. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District encompasses an area of about 3.2 square miles and is located six miles southeast of the City of Rochester. The District includes the entire coterminous Town of East Rochester and portions of the Towns of Pittsford and Perinton.

The District is in close proximity to New York State Route 490. East Rochester is primarily a residential community and many of its residents hold professional and executive positions.

Rochester Gas and Electric Corporation provides electricity and gas. East Rochester maintains its own police department. It is supplemented by the Monroe County Sheriff's Department and New York State Police. A volunteer fire department provides fire protection and ambulance service is provided by a private contract service.

Saint John Fisher College and Nazareth College are located in close proximity to the District and provide extensive undergraduate and graduate degree programs. In addition, Monroe Community College provides cultural and educational benefits for area residents. A number of major universities including the University of Rochester, Rochester Institute of Technology and SUNY College at Geneseo are within an hour's drive of East Rochester.

Source: District officials.

Population

The 2023 estimated population of the District is 8,741. (Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates.)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which 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.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns of:						
Pittsford	\$ 50,484	\$ 64,352	\$ 74,852	\$114,456	\$ 149,096	\$ 176,649
Perinton	38,306	47,728	59,386	94,209	112,527	133,027
East Rochester	21,961	30,240	36,071	52,794	68,134	75,615
County of:						
Monroe	26,999	35,339	43,137	65,240	82,439	99,834
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Source: U.S. Census Bureau, 2006-2010, 2016-2020, and 2019-2023 American Community Survey 5-Year Estimates.

Note: U.S. Census Bureau, 2020-2024 American Community Survey 5-Year Estimates data is not available as of the date of this Official Statement.

Larger Employers

The following employers are within or in close proximity to the District:

<u>Name</u>	<u>Type</u>	<u>Employees</u>
St. John Fisher University	Higher Education	904
Nazareth University	Higher Education	783
Wegmans	Retail Food Service	250
East Rochester UFSD	Public Education	230

Source: District officials.

Unemployment Rate Statistics

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

	<u>Annual Average</u>						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Monroe County	4.2%	4.0%	8.2%	5.2%	3.4%	3.4%	3.7%
New York State	4.1	3.8	9.9	7.0	4.3	4.1	4.3

	<u>2025 Monthly Figures</u>				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Monroe County	4.0%	4.3%	3.8%	3.0%	N/A
New York State	4.6	4.3	4.1	3.6%	N/A

Note: Unemployment rates for May 2025 are unavailable 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 seven members with overlapping three-year terms so that as nearly as possible, an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other District offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members.

Budgetary Procedures

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

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

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

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

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

Recent Budget Vote Results

The budget for the 2024-2025 fiscal year was adopted by qualified voters on May 21, 2024 by a vote of 202 to 23. The budget for the 2024-2025 fiscal year called for a tax levy increase of 1.58%, which was below the District’s maximum allowable tax levy increase of 3.67% for the 2024-2025 fiscal year.

The budget for the 2025-26 fiscal year was approved by the qualified voters on May 20, 2025 with a vote of 229 yes to 28 no. The District's adopted budget for the 2025-26 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls a 2.15% tax levy increase, which was equal to the District tax levy limit of 2.15%.

Investment Policy

Pursuant to the statutes of the State of New York, the 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 District; (6) obligations of a New York public corporation which are made lawful investments by the 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 District moneys held in certain reserve funds established pursuant to law, obligations issued by the 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. The District does not invest in reverse repurchase obligations or other derivative type investments.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) Savings Accounts; (2) N.O.W. Accounts; (3) Money Market Deposit Accounts; (4) Super N.O.W. Accounts; (5) 7 to 31 – Day Accounts; (6) Certificates of Deposit; and (7) U.S. Treasury Bonds, Bills and Notes.

The Treasurer is authorized to contract for the purchase of investments, including through a written repurchase agreement with a third-party custodian, from an authorized trading partner. The District does not invest in reverse repurchase agreement on other derivative type investments.

State Aid

The District receives financial assistance from the State. In its budget for the 2025-2026 fiscal year, approximately 43.73% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner in any year municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (See 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 the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of the State's fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, twenty-eight (28) days after the April 1 deadline, the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal aid received by the State

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 79.2% 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

School district fiscal year (2021-2022): The State's 2021-22 Budget included \$29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget 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 Budget provided \$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 Budget also programed \$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, is designed to assist 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 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 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 Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%. The States 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State’s 2023-24 Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding established 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 was made to promote job readiness. An additional \$150 million was used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

School district fiscal year (2024-2025): The State’s 2024-25 Budget provides \$35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever. This represents an increase of \$1.3 billion compared to the 2023-24 school year and includes a \$934 million or 3.89 percent Foundation Aid increase. The State’s 2024-25 Budget maintains the “save harmless” provision, which currently ensures a school district receives at least the same amount of Foundation Aid as it received in the prior year. The State’s 2024-25 Budget also authorizes a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

School district fiscal year (2025-2026): The State’s 2025-26 Budget includes approximately \$37 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of \$1.7 billion. The State’s 2025-26 Budget provides an estimated \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. The State’s 2025-26 Budget also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

State Aid 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 CFE case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent “gross education inadequacies”, claims regarding state funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the NYSER case, following through on the State’s commitment to fully fund the current Foundation Aid formula to New York’s school districts over three years and ending the State’s prior opposition to providing such funding. The litigation, which has been

ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the CFE cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 and FY 2025 budget and enacted this commitment into law.

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

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

State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2019-2020	\$ 27,607,764	\$11,344,377	41.09%
2020-2021	28,502,343	11,366,522	39.88
2021-2022	29,639,488	11,966,184	40.37
2022-2023	30,408,152	12,553,285	41.28
2023-2024	31,892,301	13,492,706	42.31
2024-2025 (Budgeted)	30,814,841	13,613,506	44.18
2025-2026 (Budgeted)	31,220,951	13,653,765	43.73

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

Source: Audited Financial Statement for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year and adopted budgets for the 2024-2025 and 2025-2026 fiscal years (unaudited) of the District. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Campus Facility	K-12	1,800	1957, 1995

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2020-2021	1,000	2025-2026	950
2021-2022	1,000	2026-2027	950
2022-2023	1,000	2027-2028	950
2023-2024	980	2028-2029	950
2024-2025	930	2029-2030	950

Source: District officials.

Employees

The District employs a total of approximately 203 full time and part time employees with representation by various unions as follows:

<u>Number of Employees</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
112.6	East Rochester Teachers Association	June 30, 2026
79	CSEA/AFSCME Local 1000/AFL-CIO Local Unit #828	June 30, 2027
11	East Rochester Administrators Association	June 30, 2027

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 vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

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

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	248,214	739,249
2020-2021	245,642	810,542
2021-2022	245,303	851,594
2022-2023	209,696	913,830
2023-2024	241,226	1,034,961
2024-2025 (Budgeted)	334,400	911,820
2024-2025 (Unaudited actual)	321,404	1,003,284
2025-2026 (Budgeted)	396,000	950,340

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 did not offer any early retirement incentive programs for the 2019-20 fiscal year. The District offered ERTA members an incentive to retire in the 2020-21, 2021-22, 2022-23, 2023-24, and 2024-25 fiscal years. The 2020-21 year had (1) participant with a \$35,000 cost savings to the District, The 2021-22 year had (5) participants with a \$130,000 cost savings to the District. The 2022-23 year had (5) participants with a \$112,000 cost savings to the District. The 2023-24 year had (5) participants with a \$169,700 cost savings to the District. The 2024-25 year had (5) participants with an estimated \$258,000 cost savings to the District. Members have the opportunity to take the incentive within (2) years of eligibility.

Source: District officials.

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

A chart of average ERS and TRS rates as a percent of payroll (2021-22 to 2025-26) is shown below:

<u>State Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2021-22	16.2%	9.80%
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11
2025-26	16.5	9.59*

*Estimated.

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by 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 investment of monies, and assumptions underlying same, of the Retirement Systems covering the District's employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

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

Other Post-Employment Benefits

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

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

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

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

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

	Balance at:	July 1, 2022	July 1, 2023
		<u>\$ 68,467,318</u>	<u>\$ 55,770,665</u>
<u>Changes for the year:</u>			
Service cost		1,752,652	1,405,472
Interest		1,946,380	2,099,560
Changes in benefit terms		-	-
Differences between expected and actual experience		(4,184,238)	(19,890,830)
Changes in assumptions or other inputs		(10,768,170)	(1,628,922)
Benefit payments		<u>(1,443,277)</u>	<u>(1,632,222)</u>
Net Changes		<u>\$ (12,696,653)</u>	<u>\$ (19,646,942)</u>
	Balance at:	<u>June 30, 2023</u>	<u>June 30, 2024</u>
		<u>\$ 55,770,665</u>	<u>\$ 36,123,723</u>

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

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

Other Information

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2024 and is attached hereto as "APPENDIX – D". Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on August 5, 2022. The purpose of the audit was to determine whether District officials procured goods and services in accordance with Board policies and applicable statutory requirements for the period July 1, 2019 through January 6, 2022.

Key Findings:

District officials did not always procure goods and services in accordance with Board policies and applicable statutory requirements.

- Of the \$1.88 million in purchases tested from 25 vendors, District officials did not adequately document that they properly sought required competition for 18 purchases as follows:
 - Seven purchases totaling \$212,953 subject to competitive bidding requirements.
 - Five purchases totaling \$12,002 requiring quotes in compliance with purchasing policies.
 - From six professional service providers totaling \$130,510.
- The Board and District officials did not develop adequate written purchasing policies and regulations.
- The Board did not annually review the policies as required.

Key Recommendations:

- Adequately document compliance with competitive bidding requirements and purchasing policies and regulations.
- Develop adequate written policies and clear and consistent regulations for procurements not subject to competitive bidding, including professional services, annually review the policies.
- Monitor and enforce compliance with policies and regulations.

The District provided a complete response to the State Comptroller's office on June 16, 2022. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptroller audits of the District that are currently in progress or pending release.

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the past three fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	0.0
2023	No Designation	0.0
2022	No Designation	3.3

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

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

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
East Rochester	\$ 327,388,326	\$ 326,779,981	\$ 328,394,578	\$ 332,910,592	\$ 339,782,380
Pittsford	166,713,295	168,351,604	170,116,212	171,809,518	171,774,592
Perinton	45,205,288	44,952,720	45,411,250	45,707,222	45,725,450
Total Assessed Values	<u>\$ 539,306,909</u>	<u>\$ 540,084,305</u>	<u>\$ 543,922,040</u>	<u>\$ 550,427,332</u>	<u>\$ 557,282,422</u>
State Equalization Rates					
Towns of:					
East Rochester	99.00%	97.00%	87.00%	71.00%	64.00%
Pittsford	95.00%	91.00%	82.00%	72.00%	66.00%
Perinton	93.00%	93.00%	80.00%	71.00%	62.00%
Total Taxable Full Valuation	<u>\$ 554,790,794</u>	<u>\$ 570,224,599</u>	<u>\$ 641,687,890</u>	<u>\$ 771,888,857</u>	<u>\$ 864,925,228</u>

Source: District officials.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
East Rochester	\$ 26.77	\$ 26.99	\$ 27.16	\$ 28.09	\$ 28.26
Pittsford	27.90	28.77	28.81	27.70	27.40
Perinton	28.50	26.99	29.53	28.09	29.17

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. On November 1st, uncollected taxes are returnable to Monroe County for collection. The District receives this amount from said County prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Tax Levy	\$ 14,724,821	\$ 14,931,606	\$ 15,168,233	\$ 15,407,891	\$ 15,651,335
Amount Uncollected ⁽¹⁾	426,102	362,815	350,000	448,129	321,077
% Uncollected	2.89%	2.43%	2.31%	2.91%	2.05%

⁽¹⁾ District taxes are made whole by the respective County. See "Tax Collection Procedure" herein.

Note: The Total Tax Levy above includes the Library Tax.

Source: District officials.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues ⁽¹⁾</u>	<u>Total Real Property Tax Levy & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax Levy & Tax Items</u>
2019-2020	\$ 27,607,764	\$ 14,419,163	52.23%
2020-2021	28,502,343	14,879,868	52.21
2021-2022	29,528,671	15,074,826	51.05
2022-2023	30,314,259	15,315,661	50.52
2023-2024	31,892,301	15,572,215	48.83
2024-2025 (Budgeted)	30,814,841	15,756,335	51.13
2025-2026 (Budgeted)	31,220,951	16,092,186	51.54

⁽¹⁾ Does not include interfund transfers or reserve funds.

Source: Audited Financial Statement for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year and adopted budgets for the 2024-2025 and 2025-2026 fiscal years (unaudited) of the District. This table is not audited.

Ten Largest Taxpayers – 2024 Assessment Roll for 2024-25 School District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
Rochester Gas & Electric	Utility	\$ 19,011,471
Pittsford 490 Joint Venture (Linden Oaks) ⁽¹⁾	Professional Building	17,548,600
Wegmans Food Markets	Grocery Store – Country Club Plaza	9,122,200
Hoselton Realty Corp.	Auto Dealer	6,559,800
Gleason Estates Assoc LP	Real Estate	6,500,000
Techniplex Associates LP	Commercial	5,774,800
Team Piano LLC (Piano Works Mall)	Commercial	5,192,959
Panorama Landing, LLC	Real Estate	4,110,011
New York Central Lines, LLC	Railroad	3,280,557
Frontier Telephone	Telecommunication	2,854,953

Note: The District experiences the impact of tax certiorari filings on a regular basis. At this time, the level of tax certiorari filings is within acceptable norms and, if decided adversely to the District, the tax certiorari filings are not anticipated to have a material adverse impact on the District's finances.

The ten larger taxpayers listed above have a total estimated full valuation of \$79,955,351, which represents approximately 9.24% of the tax base of the District for the 2023-2024 fiscal year.

Source: District Tax Rolls.

Additional Tax Information

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

Senior Citizens' exemptions are offered to those who qualify.

The total valuation of the District is estimated to be categorized as follows: Residential-78%, and Commercial- 22%.

The estimated total annual property tax bill of a \$130,000 market value residential property located in the District in the Town of East Rochester is approximately \$3,674 (or \$3,017 with the Basic STAR exemption) including County, Town, School District, and Fire District taxes.

STAR – School Tax Exemption

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

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of \$93,200 or less in 2023-2024 and \$98,700 or less in 2024-2025, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first \$81,400 of the full value of a home for the 2023-2024 school year and the first \$84,000 of the full value of a home for the 2024-2025 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 "full value" exemption on their primary residence.

The 2022-23 Enacted State Budget provided \$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 District tax roll for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
East Rochester	\$ 56,100	\$ 20,670	4/10/2025
Pittsford	56,830	19,800	4/10/2025
Perinton	53,380	19,670	4/10/2025

\$1,419,219 of the District's \$15,651,335 school tax levy for 2024-2025 was exempted by the STAR Program. The District received such exempt taxes from the State by January 2025.

Approximately \$1,300,000 of the District's \$15,987,186 school tax levy for the 2025-2026 fiscal year is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State by January 2026.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

On February 20, 2013, the New York State United Teachers (“NYSUT”) and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT’s causes of action but granted NYSUT’s motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT’s motion for a preliminary injunction and dismissed all causes of action contained in NYSUT’s second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution “does not require that equal educational offerings be provided to every student”, and further noted “the legitimate government interest of restraining crippling property tax increases”. An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York’s highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved “government efficiency plan” which demonstrates “three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies”.

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

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

See “THE SCHOOL DISTRICT – Budgetary Procedures” herein for additional information regarding the District’s Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

- (1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 8,075,000	\$ 11,553,345	\$ 9,990,000	\$ 8,490,000	\$ 6,955,000
Bond Anticipation Notes	5,075,000	0	0	0	0
Energy Performance Contract ⁽¹⁾	<u>91,780</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 13,241,780</u>	<u>\$ 11,553,345</u>	<u>\$ 9,990,000</u>	<u>\$ 8,490,000</u>	<u>\$ 6,955,000</u>

⁽¹⁾ Represents an Energy Performance Contract ("EPC").

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of May 30, 2025.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2036	\$ 6,435,000
<u>Bond Anticipation Notes</u>		
Capital Project	June 26, 2025	<u>138,000</u> ⁽¹⁾
Total Indebtedness		<u>\$ 6,573,000</u>

⁽¹⁾ To be paid in full at maturity with available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 30, 2025:

Full Valuation of Taxable Real Property	\$ 864,925,228
Debt Limit 10% thereof	86,492,522

Inclusions:

Bonds.....	\$ 6,435,000	
Bond Anticipation Notes (BANs):	<u>138,000</u>	
Total Inclusions prior to issuance of the Notes	<u>6,573,000</u>	
Less: BANs being redeemed from appropriations	-	
Add: New money proceeds of the Notes	<u>7,762,000</u>	
Total Net Inclusions after issuance of the Notes		<u>\$ 14,335,000</u>

Exclusions:

State Building Aid ⁽¹⁾	\$ <u>0</u>	
Total Exclusions.....		<u>\$ 0</u>

Total Net Indebtedness	<u>\$ 14,335,000</u>
------------------------------	----------------------

Net Debt-Contracting Margin	<u>\$ 72,157,522</u>
-----------------------------------	----------------------

The percent of debt contracting power exhausted is	16.57%
--	--------

- ⁽¹⁾ Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 79.2% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Bonded Debt Service

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

Cash Flow Borrowings

The District has not issued tax and/or revenue anticipation notes in the past five fiscal years. The District has a revenue anticipation note resolution in place and will assess the cash flow needs of the District dependent on State Aid receipts.

Capital Project Plans

On January 18, 2024 the qualified voters of the District approved a capital improvement project consisting of program improvements, proactive measures for safety and security, and facility improvements and updates at a total cost not to exceed \$10,000,000. Said project is to be financed with \$1,940,000 capital reserve funds and \$8,060,000 through the issuance of serial bonds. On March 21, 2024 the District issued \$160,000 bond anticipation notes for the aforementioned project and redeemed the notes in full with available funds on its maturity date of June 27, 2024. On March 26, 2025 the District issued \$138,000 bond anticipation notes for the aforementioned project and anticipate redeeming the notes in full with available funds on its maturity date of June 26, 2025. The Notes are being issued to provide new money for the aforementioned purpose. After the issuance of the Notes, the entire authorization for this project will have been borrowed.

Other than the aforementioned project, the District does not have any authorized but unissued capital projects, nor are any contemplated at this time.

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Monroe	6/2/2024	\$ 382,264,580 ⁽³⁾	\$ 10,633,235	\$ 371,631,345	1.14%	\$ 4,236,597
Town of:						
Pittsford	6/11/2024	12,990,000 ⁽³⁾	1,000,000	11,990,000	5.08%	609,092
Perinton	5/22/2024	18,545,000 ⁽³⁾	10,005,000	8,540,000	1.04%	88,816
East Rochester	11/6/2024	- ⁽⁴⁾	- ⁽⁵⁾	-	100.00%	-
Village of:						
East Rochester	5/31/2023	9,085,000 ⁽³⁾	560,000	8,525,000	100.00%	8,525,000
					Total:	<u>\$ 13,459,505</u>

- (1) Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.
- (2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (3) Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.
- (4) Gross indebtedness sourced from local government data provided by the State Comptroller's office for the most recent fiscal year such data is available for the respective municipality.
- (5) Information regarding excludable debt not available.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 30, 2025:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 14,335,000	\$ 1,639.97	1.66%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	27,794,505	3,179.79	3.21

- (a) The current estimated population of the District is 8,741. (See "THE SCHOOL DISTRICT – Population" herein.)
- (b) The District's full value of taxable real estate for the 2024-2025 fiscal year is \$864,925,228. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" herein.
- (d) Estimated net overlapping indebtedness is \$13,459,505. (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 District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the State's ability to borrow funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the impact to the State's economy and financial condition due to the novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid. (See also "THE SCHOOL DISTRICT - State Aid").

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

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

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

Federal Policy Risk. Federal policies on trade, immigration, and other topics can shift dramatically from one administration to another. From time to time, such shifts can result in reductions to the State's level of federal funding for a variety of social services, health care, public safety, transportation, public health, and other federally funded programs. There can be no prediction of future changes in federal policy or the potential impact on any related federal funding that the State may or may not receive in the future.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E”.

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

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

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

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

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

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

LEGAL MATTERS

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

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.

On April 22, 2025, the District received a demand for refund pursuant to Court Order for: Mark Gianniny & Pittsford 490 Joint Venture vs. Town of Pittsford for a refund of school taxes based on a reduction of assessment for the 2023 and 2024 tax years in the amount of \$182,337. The amount will be paid from the District's Tax Certiorari Reserve within 60 days of receipt of the court order.

CONTINUING DISCLOSURE

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

Historical Compliance

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, 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”, attached hereto).

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P Global”) has assigned its underlying rating of “AA-” with a stable outlook to the District’s outstanding 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 Global Ratings, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

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

MISCELLANEOUS

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

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

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

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

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

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

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

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District's contact information is as follows: Staci Sansoucie, Assistant Superintendent for Finance & Operations, 222 Woodbine Ave, Rochester, New York 14445-1860, Phone: (585) 248-6308, Fax: (585) 248-6309, Email: Staci.SanSoucie@erschools.org.

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

EAST ROCHESTER UNION FREE SCHOOL DISTRICT

Dated: May 30, 2025

PATRICK FLANAGAN
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheet

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 18,339,996	\$ 21,357,501	\$ 24,470,559	\$ 28,982,995	\$ 32,159,774
Restricted Cash	-	-	-	-	-
Due from Other Funds	1,140,973	1,519,670	2,110,584	1,521,311	1,259,123
State and Federal Aid Receivable	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Other Receivables	<u>1,449,799</u>	<u>2,275,842</u>	<u>2,010,175</u>	<u>1,586,985</u>	<u>1,546,424</u>
TOTAL ASSETS	<u><u>\$ 20,930,768</u></u>	<u><u>\$ 25,153,013</u></u>	<u><u>\$ 28,591,318</u></u>	<u><u>\$ 32,091,291</u></u>	<u><u>\$ 34,965,321</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 396,798	\$ 364,332	\$ 410,118	\$ 271,084	\$ 501,535
Accrued Liabilities	44,929	45,799	82,338	131,967	162,610
Due to Other Funds	404,450	634,275	573,398	498,524	1,239,345
Due to Other Governments	-	50,646	50,646	50,646	-
Due to Teachers' Retirement System	810,542	842,989	972,052	1,034,961	1,003,283
Due to Employees' Retirement System	60,067	53,694	45,848	57,375	70,956
Other Liabilities	-	727,865	485,360	445,709	516,647
Compenstated Absences Payable	235,400	225,728	243,273	177,958	192,204
Deferred Revenues	<u>-</u>	<u>27,078</u>	<u>146,801</u>	<u>196,240</u>	<u>95,538</u>
TOTAL LIABILITIES	<u>1,952,186</u>	<u>2,972,406</u>	<u>3,009,834</u>	<u>2,864,464</u>	<u>3,782,118</u>
<u>FUND EQUITY</u>					
Restricted	\$ 15,827,279	\$ 19,886,848	\$ 23,490,085	\$ 27,097,000	\$ 29,139,150
Assigned	1,974,508	1,119,026	881,167	854,571	756,453
Unassigned	<u>1,176,795</u>	<u>1,174,733</u>	<u>1,210,232</u>	<u>1,275,256</u>	<u>1,287,600</u>
TOTAL FUND EQUITY	<u>18,978,582</u>	<u>22,180,607</u>	<u>25,581,484</u>	<u>29,226,827</u>	<u>31,183,203</u>
TOTAL LIABILITIES and FUND EQUITY	<u><u>\$ 20,930,768</u></u>	<u><u>\$ 25,153,013</u></u>	<u><u>\$ 28,591,318</u></u>	<u><u>\$ 32,091,291</u></u>	<u><u>\$ 34,965,321</u></u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 11,983,542	\$ 12,400,270	\$ 12,903,570	\$ 13,187,504	\$ 13,503,576
Real Property Tax Items	2,185,547	2,018,893	1,976,298	1,887,322	1,812,085
Non-Property Tax Items	1,022,573	998,303	1,110,214	1,299,540	1,272,097
Charges for Services	60,328	82,636	113,700	142,494	167,164
Use of Money & Property	1,078,127	293,282	165,999	149,771	437,585
Sale of Property and Compensation for Loss	26,634	30,218	23,098	178,020	42,913
Miscellaneous	460,064	392,193	360,130	647,881	458,476
Revenues from State Sources	11,692,567	11,344,177	11,366,522	11,966,185	12,553,285
Revenues from Federal Sources	61,551	47,792	482,812	69,954	67,078
Total Revenues	<u>\$ 28,570,933</u>	<u>\$ 27,607,764</u>	<u>\$ 28,502,343</u>	<u>\$ 29,528,671</u>	<u>\$ 30,314,259</u>
Other Sources:					
Operating Transfers In	269,892	867,730	200,000	110,817	93,892
Transfers from Reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>28,840,825</u>	<u>28,475,494</u>	<u>28,702,343</u>	<u>29,639,488</u>	<u>30,408,151</u>
<u>EXPENDITURES</u>					
General Support	\$ 3,462,606	\$ 3,622,710	\$ 3,489,389	\$ 3,790,385	\$ 4,155,916
Instruction	13,765,035	12,962,291	12,459,903	12,999,094	13,183,090
Pupil Transportation	915,046	678,443	498,841	550,763	626,242
Community Services	20,568	32,480	1,742	45,390	39,397
Employee Benefits	6,261,618	6,149,880	6,398,909	6,836,558	6,834,821
Debt Service	2,716,212	1,827,267	2,135,216	1,928,846	1,831,513
Total Expenditures	<u>\$ 27,141,085</u>	<u>\$ 25,273,071</u>	<u>\$ 24,984,000</u>	<u>\$ 26,151,036</u>	<u>\$ 26,670,979</u>
Other Uses:					
Operating Transfers Out	4,681,448	69,908	516,318	87,575	91,829
Transfers to Reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses	<u>31,822,533</u>	<u>25,342,979</u>	<u>25,500,318</u>	<u>26,238,611</u>	<u>26,762,808</u>
Excess (Deficit) Revenues Over Expenditures	<u>(2,981,708)</u>	<u>3,132,515</u>	<u>3,202,025</u>	<u>3,400,877</u>	<u>3,645,343</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	18,827,775	15,846,067	18,978,582	22,180,607	25,581,484
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 15,846,067</u>	<u>\$ 18,978,582</u>	<u>\$ 22,180,607</u>	<u>\$ 25,581,484</u>	<u>\$ 29,226,827</u>

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:

	2024			2025	2026
	Original <u>Budget</u>	Final <u>Budget</u>	Audited <u>Actual</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 15,404,891	\$ 13,881,579	\$ 13,884,579	\$ 15,651,335	\$ 15,987,186
Real Property Tax Items	149,500	1,672,812	1,687,636	105,000	105,000
Non-Property Tax Items	900,000	900,000	1,295,477	925,000	930,000
Charges for Services	5,000	5,000	185,217	5,000	-
Use of Money & Property	105,000	105,000	900,144	315,000	325,000
Sale of Property and Compensation for Loss	-	-	1,620	-	-
Miscellaneous	160,000	160,000	376,465	160,000	180,000
Revenues from State Sources	13,657,149	13,657,149	13,492,706	13,613,506	13,653,765
Revenues from Federal Sources	50,000	50,000	68,457	40,000	40,000
Total Revenues	<u>\$ 30,431,540</u>	<u>\$ 30,431,540</u>	<u>\$ 31,892,301</u>	<u>\$ 30,814,841</u>	<u>\$ 31,220,951</u>
Other Sources:					
Operating Transfers In	200,000	200,000	300,672	-	-
Prior Year Encumbrances	254,571	254,571	-	-	-
Appropriated Fund Balance	600,000	600,000	-	500,000	430,000
Appropriated Reserves	649,857	2,589,857	-	875,147	886,814
Total Revenues and Other Sources	<u>32,135,968</u>	<u>34,075,968</u>	<u>32,192,973</u>	<u>32,189,988</u>	<u>32,537,765</u>
<u>EXPENDITURES</u>					
General Support	\$ 4,326,130	\$ 4,282,167	\$ 4,047,788	\$ 4,223,346	\$ 4,307,637
Instruction	16,559,327	16,823,271	13,871,320	16,949,014	17,239,636
Pupil Transportation	1,102,869	1,002,039	655,508	1,156,901	1,165,908
Community Services	44,600	44,600	31,260	47,000	48,500
Employee Benefits	7,745,292	7,527,645	7,236,292	7,807,002	8,325,514
Debt Service	1,957,750	1,983,215	1,981,398	1,706,725	1,450,570
Total Expenditures	<u>\$ 31,735,968</u>	<u>\$ 31,662,937</u>	<u>\$ 27,823,566</u>	<u>\$ 31,889,988</u>	<u>\$ 32,537,765</u>
Other Uses:					
Operating Transfers Out	-	2,413,031	2,413,031	-	-
Transfers to Reserves	400,000	-	-	300,000	-
Total Expenditures and Other Uses	<u>32,135,968</u>	<u>34,075,968</u>	<u>30,236,597</u>	<u>32,189,988</u>	<u>32,537,765</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>1,956,376</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	-	-	29,226,827	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,183,203</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Audited financial report and 2025-26 adopted budget of the School District. This Appendix is not itself audited.

APPENDIX - B
East Rochester UFSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	\$ 1,345,000	\$ 222,000	\$ 1,567,000
2026	950,000	183,900	1,133,900
2027	985,000	147,500	1,132,500
2028	525,000	106,950	631,950
2029	540,000	88,650	628,650
2030	560,000	69,750	629,750
2031	580,000	50,000	630,000
2032	285,000	29,400	314,400
2033	290,000	23,700	313,700
2034	295,000	17,900	312,900
2035	295,000	12,000	307,000
2036	305,000	6,100	311,100
TOTALS	\$ 6,955,000	\$ 957,850	\$ 7,912,850

APPENDIX - B1
East Rochester UFSD

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2013C			2017C		
	DASNY - Capital Project			DASNY - Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 350,000	\$ 55,500	\$ 405,500	\$ 225,000	\$ 91,000	\$ 316,000
2026	370,000	38,000	408,000	235,000	79,750	314,750
2027	390,000	19,500	409,500	245,000	68,000	313,000
2028	-	-	-	260,000	55,750	315,750
2029	-	-	-	270,000	42,750	312,750
2030	-	-	-	285,000	29,250	314,250
2031	-	-	-	300,000	15,000	315,000
TOTALS	\$ 1,110,000	\$ 113,000	\$ 1,223,000	\$ 1,820,000	\$ 381,500	\$ 2,201,500

Fiscal Year Ending June 30th	2020			2021		
	Refunding of 2007 and 2010 Bonds			Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 520,000	\$ 14,050	\$ 534,050	\$ 250,000	\$ 61,450	\$ 311,450
2026	90,000	7,200	97,200	255,000	58,950	313,950
2027	90,000	3,600	93,600	260,000	56,400	316,400
2028	-	-	-	265,000	51,200	316,200
2029	-	-	-	270,000	45,900	315,900
2030	-	-	-	275,000	40,500	315,500
2031	-	-	-	280,000	35,000	315,000
2032	-	-	-	285,000	29,400	314,400
2033	-	-	-	290,000	23,700	313,700
2034	-	-	-	295,000	17,900	312,900
2035	-	-	-	295,000	12,000	307,000
2036	-	-	-	305,000	6,100	311,100
TOTALS	\$ 700,000	\$ 24,850	\$ 724,850	\$ 3,325,000	\$ 438,500	\$ 3,763,500

MATERIAL EVENT NOTICES

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a "financial obligation" (as defined in the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Note holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect 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 Note.

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.

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the 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 Note; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the District no longer remains an obligated person with respect to the Note 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 Note (including holders of beneficial interests in the Note). The right of holders of the Note 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 Note nor entitle any holder of the Note 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 at closing.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

**EAST ROCHESTER UNION FREE SCHOOL DISTRICT
MONROE COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2024

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.

**EAST ROCHESTER
UNION FREE SCHOOL DISTRICT**

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2024



BUSINESS
ADVISORS
AND CPAS

T A B L E O F C O N T E N T S

	Pages
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Unaudited)	4 - 13
 Basic Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities	18
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	19
 Notes to the Basic Financial Statements:	 20 - 52
 Required Supplementary Information:	
Schedule of Changes in District's Total OPEB Liability and Related Ratio	53
Schedule of the District's Proportionate Share of the Net Pension Liability	54
Schedule of District Contributions	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	56 - 57
 Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and Real Property Tax Limit	58
Capital Projects Fund Schedule of Project Expenditures	59
Combining Balance Sheet - Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	61
Net Investment in Capital Assets/Right to Use Assets	62
Schedule of Expenditures of Federal Awards	63
 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	 64 - 65



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
East Rochester Union Free School District, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Rochester Union Free School District, New York, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Rochester Union Free School District, New York, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East Rochester Union Free 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in District's total OPEB liability and related ratio, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4-13 and 53-57 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 East Rochester Union Free School District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2024 on our consideration of East Rochester Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Rochester Union Free School District's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 2, 2024

East Rochester Union Free School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2024. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total assets plus deferred outflows (what the district owns) exceeded its total liabilities plus deferred inflows (what the district owes) by \$2,492,897 (net position) an increase of \$5,787,574 from the prior year.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$35,162,423 an increase of \$4,108,964 in comparison with the prior year.

General revenues which include Real Property Taxes, Non Property Taxes, State and Federal Aid, Investment Earnings, Compensation for Loss, and Miscellaneous accounted for \$31,790,970 or 90% of all revenues. Program specific revenues in the form of Charges for services and Operating Grants and Contributions accounted for \$3,504,998 or 10% of total revenues.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Government-Wide Statements

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

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

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

Financial Analysis of the School District As A Whole

Net Position

	<u>Governmental Activities</u>		<u>Total Variance</u>
<u>ASSETS:</u>	<u>2024</u>	<u>2023</u>	
Current and Other Assets	\$ 37,787,182	\$ 33,722,957	\$ 4,064,225
Capital Assets	35,530,409	37,155,942	(1,625,533)
Total Assets	\$ 73,317,591	\$ 70,878,899	\$ 2,438,692
 <u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 8,549,329	\$ 13,731,961	\$ (5,182,632)
 <u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 45,203,490	\$ 67,144,241	\$ (21,940,751)
Other Liabilities	2,387,864	2,357,631	30,233
Total Liabilities	\$ 47,591,354	\$ 69,501,872	\$ (21,910,518)
 <u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 31,782,669	\$ 18,403,665	\$ 13,379,004
 <u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 28,500,171	\$ 28,625,764	\$ (125,593)
<u>Restricted For,</u>			
Employment Retirement System	4,663,472	3,988,641	674,831
Insurance Reserve	3,240,465	1,961,245	1,279,220
Capital Reserve	13,849,785	13,822,215	27,570
Other Purposes	11,183,328	8,970,268	2,213,060
Unrestricted	(58,944,324)	(60,662,810)	1,718,486
Total Net Position	\$ 2,492,897	\$ (3,294,677)	\$ 5,787,574

Key Variances

- Current and Other Assets increased \$4,064,225 as a result of cash and cash equivalents increasing based on positive financial results.
- Deferred Outflows of Resources decreased \$5,182,632 as a result of the OPEB decreasing from a change to the differences between expected and actual experiences and changes to assumptions.
- Long-Term Debt Obligations decreased \$21,940,751 as a result of the net OPEB obligation going down \$19,646,942, debt repayments totaling \$1,596,859, and the net pension obligation decreasing \$784,323.
- Deferred Inflows of Resources increased \$13,379,004 as a result of the OPEB increasing for the differences between expected and actual experience.

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

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

There are four restricted net asset balances, Reserve for ERS, Insurance Reserve, Capital Reserve, and Other Purposes. The remaining balance of unrestricted net position is a deficit of \$58,944,324.

Changes in Net position

The District's total revenue increased to \$35,295,968. State and federal aid 38% and property taxes 44% accounted for most of the District's revenue. The remaining 18% of the revenue comes from operating grants, charges for services, non-property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

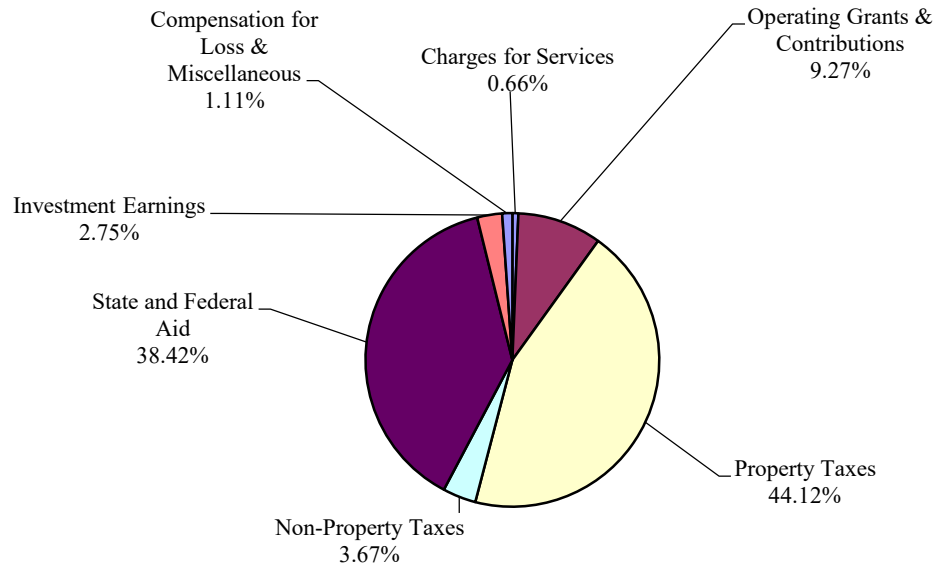
The total cost of all the programs and services decreased to \$29,508,394. The District's expenses are predominately related to education and caring for the students (Instruction) 76%. General support, which included expenses associated with the operation, maintenance, and administration of the District, accounted for 19% of the total costs. See table below:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2024</u>	<u>2023</u>	<u>Variance</u>
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 233,856	\$ 283,253	\$ (49,397)
Operating Grants & Contributions	3,271,142	2,664,013	607,129
Total Program	\$ 3,504,998	\$ 2,947,266	\$ 557,732
<u>General -</u>			
Property Taxes	\$ 15,572,215	\$ 15,315,661	\$ 256,554
Non Property Taxes	1,295,477	1,272,097	23,380
State and Federal Aid	13,561,163	12,620,363	940,800
Investment Earnings	968,989	482,154	486,835
Compensation for Loss	1,620	42,913	(41,293)
Miscellaneous	391,506	551,195	(159,689)
Total General	\$ 31,790,970	\$ 30,284,383	\$ 1,506,587
TOTAL REVENUES	\$ 35,295,968	\$ 33,231,649	\$ 2,064,319
<u>EXPENSES:</u>			
General Support	\$ 5,539,800	\$ 5,737,878	\$ (198,078)
Instruction	22,305,139	24,636,846	(2,331,707)
Pupil Transportation	746,683	756,877	(10,194)
Community Services	40,791	75,162	(34,371)
School Lunch	654,300	505,657	148,643
Interest	221,681	290,518	(68,837)
TOTAL EXPENSES	\$ 29,508,394	\$ 32,002,938	\$ (2,494,544)
CHANGE IN NET POSITION	\$ 5,787,574	\$ 1,228,711	
NET POSITION, BEGINNING OF YEAR	(3,294,677)	(4,523,388)	
NET POSITION, END OF YEAR	\$ 2,492,897	\$ (3,294,677)	

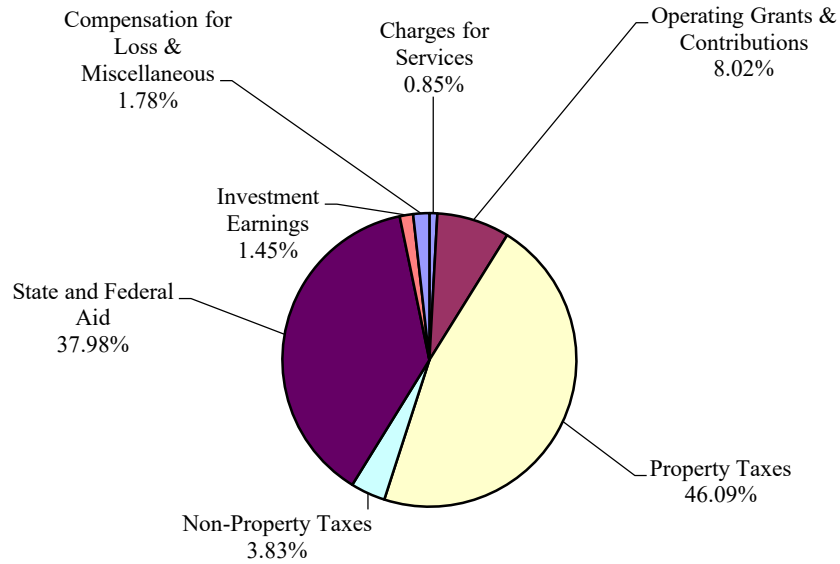
Key Variances

- State and Federal Aid increased \$940,800 as a result of the change to the formula aid.
- Instruction decreased \$2,331,707 as a result of changes to the OPEB and pension system decreasing current year expenses.

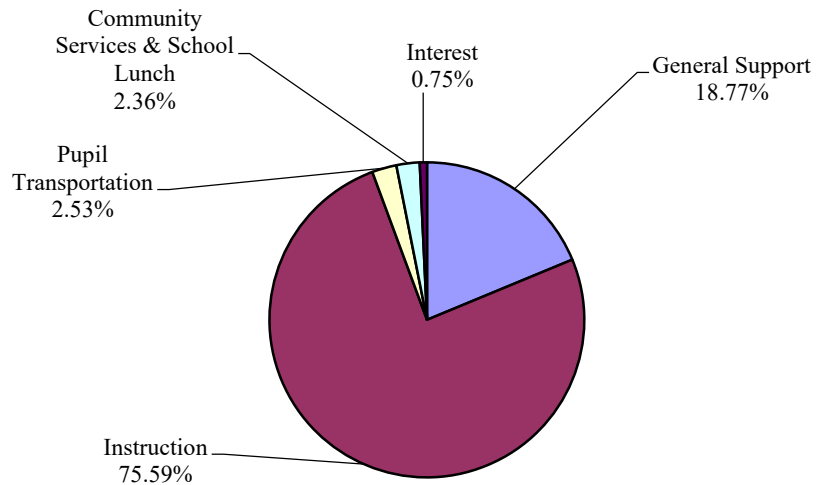
Revenue for 2023-24



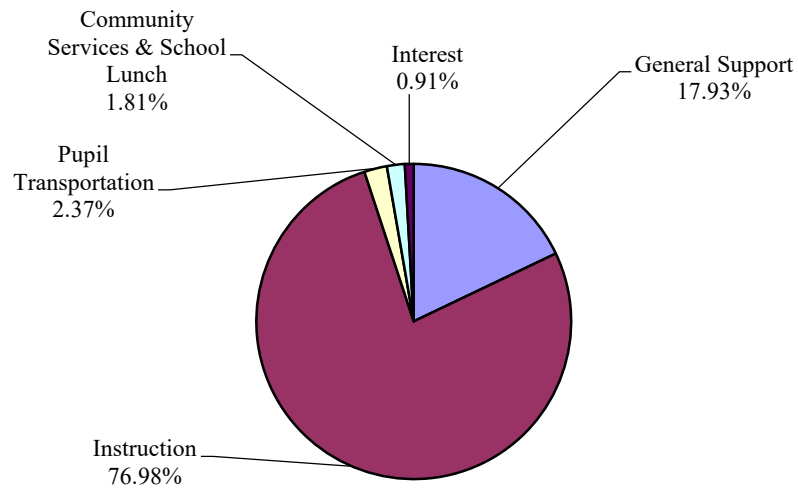
Revenue for 2022-23



Expenses for 2023-24



Expenses for 2022-23



Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$35,162,423 which is more than last year's ending fund balance of \$31,053,459.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$31,183,203. Fund balance for the General Fund increased by \$1,956,376 compared with the prior year. See table below:

<u>General Fund Balances:</u>	<u>2024</u>	<u>2023</u>	<u>Total Variance</u>
Restricted	\$ 29,139,150	\$ 27,097,000	\$ 2,042,150
Assigned	756,453	854,571	(98,118)
Unassigned	1,287,600	1,275,256	12,344
Total General Fund Balances	<u>\$ 31,183,203</u>	<u>\$ 29,226,827</u>	<u>\$ 1,956,376</u>

The District appropriated funds from the following reserves for the 2024-25 budget:

	<u>Total</u>
Unemployment Costs	\$ 5,000
Retirement Contribution - TRS	264,159
Workers' Compensation	135,252
Capital Reserve - Equipment	149,146
Capital Reserve - Technology	96,300
Debt	200,000
Total	<u>\$ 849,857</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$1,965,571. This change is attributable to \$254,571 of carryover encumbrances from the 2022-23 school year and \$1,940,000 for voter approved use of capital reserve.

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

<u>Expenditure Items:</u>	<u>Budget Variance Original Vs. Amended</u>	<u>Explanation for Budget Variance</u>
Instructional	\$263,944	The District had offsets to instructional salary expenses due to the Federal COVID Funding which expired 6/30/24.
Transfer-Out	\$2,013,031	The District transferred authorized capital reserve dollars to the Capital Fund for an upcoming CIP.

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Non-Property Taxes	\$395,477	Sales Tax Revenue driven from consumer purchasing was healthier than forecasted for the 2023-2024 year.
Use of Money and Property	\$795,144	The District invested reserve funds in Treasury Bills as interest rates were very favourable in 2023-2024.
Expenditure Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Instructional	\$2,812,750	Fewer anticipated student services used specific to special education; Chargebacks from Federal COVID Funding
Pupil Transportation	\$346,531	Fewer anticipated student services used as a result of provider staffing issues
Employee Benefits	\$291,353	Conservative budgeting in medical/dental insurance as medical trend and high-cost claims continue to increase

Capital Asset and Debt Administration

Capital Assets

By the end of the 2024 fiscal year, the District had invested \$35,041,911 in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2024</u>	<u>2023</u>
<u>Capital Assets</u>		
Land	\$ 22,239	\$ 22,239
Work in Progress	210,314	-
Buildings and Improvements	34,097,884	36,049,330
Machinery and Equipment	711,474	504,355
Total Capital Assets	<u>\$ 35,041,911</u>	<u>\$ 36,575,924</u>
<u>Lease Assets</u>		
Equipment	\$ 488,498	\$ 580,018
Total Lease Assets	<u>\$ 488,498</u>	<u>\$ 580,018</u>

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

Long-Term Debt

At year end, the District had \$45,203,490 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2024</u>	<u>2023</u>
Serial Bonds	\$ 6,955,000	\$ 8,490,000
Unamortized bond premium	-	40,178
Lease Liability	75,238	-
OPEB	36,123,723	55,770,665
Net Pension Liability	1,480,400	2,264,723
Compensated Absences	569,129	578,675
Total Long-Term Obligations	<u>\$ 45,203,490</u>	<u>\$ 67,184,419</u>

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

Factors Bearing on the District's Future

- Declining residential enrollment
- Unfunded mandates
- Area-wide certified and non-certified staffing shortages
- Increases in Health Insurance & retirement benefits
- Increases in Gas & Electric Costs
- Tax Exemptions
- Little available growth in the tax base
- Participation in the Urban-Suburban transfer program
- The East Rochester School District, along with other districts statewide, face a precarious financial future due to the COVID-19 pandemic. The pandemic has caused economic chaos at the national, state, and local levels. The future is still at risk due to the fact that the NYS budget is currently balanced with Federal Stimulus dollars which are temporary. Eventually, this may reinstate the possibility of aid reductions. A reduction such as this would not only impact the current year, but would have serious implications for the years to come. Staffing levels, educational programs, reserve balances, and future capital projects will be impacted. The District is closely monitoring this situation and its current year spending and is prepared to react when necessary.

Contacting the School District's Financial Management

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

East Rochester Union Free School District
222 Woodbine Avenue
East Rochester, New York 14445

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK**Statement of Net Position****June 30, 2024**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 35,460,001
Investments	147,354
Accounts receivable	2,164,127
Inventories	15,700
Capital Assets:	
Land	22,239
Work in progress	210,314
Other capital assets (net of depreciation)	35,297,856
TOTAL ASSETS	<u>\$ 73,317,591</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 8,549,329</u>
LIABILITIES	
Accounts payable	\$ 564,105
Accrued liabilities	178,619
Unearned revenues	42,005
Due to other governments	4,176
Due to teachers' retirement system	1,003,283
Due to employees' retirement system	79,029
Other Liabilities	516,647
Long-Term Obligations:	
Due in one year	1,569,426
Due in more than one year	43,634,064
TOTAL LIABILITIES	<u>\$ 47,591,354</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 31,782,669</u>
NET POSITION	
Net investment in capital assets	\$ 28,500,171
Restricted For:	
Insurance reserve	3,240,465
Reserve for employee retirement system	4,663,472
Capital reserves	13,849,785
Other purposes	11,183,328
Unrestricted	(58,944,324)
TOTAL NET POSITION	<u>\$ 2,492,897</u>

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Statement of Activities

For The Year Ended June 30, 2024

		Program Revenues		Net (Expense)
				Revenue and
				Changes in
				Net Position
		Operating		
		Charges for	Grants and	Governmental
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Services</u>	<u>Contributions</u>	<u>Activities</u>
<u>Primary Government -</u>				
General support	\$ 5,539,800	\$ -	\$ -	\$ (5,539,800)
Instruction	22,305,139	185,217	2,609,299	(19,510,623)
Pupil transportation	746,683	-	-	(746,683)
Community services	40,791	-	-	(40,791)
School lunch	654,300	48,639	661,843	56,182
Interest	221,681	-	-	(221,681)
Total Primary Government	\$ 29,508,394	\$ 233,856	\$ 3,271,142	\$ (26,003,396)
General Revenues:				
Property taxes				\$ 15,572,215
Non property taxes				1,295,477
State and federal aid				13,561,163
Investment earnings				968,989
Compensation for loss				1,620
Miscellaneous				391,506
Total General Revenues				\$ 31,790,970
Changes in Net Position				\$ 5,787,574
Net Position, Beginning of Year				(3,294,677)
Net Position, End of Year				\$ 2,492,897

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	Special Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 32,159,774	\$ 240,737	\$ 3,059,490	\$ 35,460,001
Investments	-	-	147,354	147,354
Receivables	1,546,424	577,979	39,724	2,164,127
Inventories	-	-	15,700	15,700
Due from other funds	1,259,123	229,127	1,475,928	2,964,178
TOTAL ASSETS	\$ 34,965,321	\$ 1,047,843	\$ 4,738,196	\$ 40,751,360
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES				
<u>Liabilities</u> -				
Accounts payable	\$ 501,535	\$ 59,409	\$ 3,161	\$ 564,105
Accrued liabilities	162,610	-	3,246	165,856
Due to other funds	1,239,345	988,434	736,399	2,964,178
Due to other governments	-	-	4,176	4,176
Due to TRS	1,003,283	-	-	1,003,283
Due to ERS	70,956	-	8,073	79,029
Other liabilities	516,647	-	-	516,647
Compensated absences	192,204	-	-	192,204
Unearned revenue	38,084	-	3,921	42,005
TOTAL LIABILITIES	\$ 3,724,664	\$ 1,047,843	\$ 758,976	\$ 5,531,483
<u>Deferred Inflows</u> -				
Deferred inflows of resources	\$ 57,454	\$ -	\$ -	\$ 57,454
<u>Fund Balances</u> -				
Nonspendable	\$ -	\$ -	\$ 15,700	\$ 15,700
Restricted	29,139,150	-	3,797,900	32,937,050
Assigned	756,453	-	165,620	922,073
Unassigned	1,287,600	-	-	1,287,600
TOTAL FUND BALANCE	\$ 31,183,203	\$ -	\$ 3,979,220	\$ 35,162,423
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	\$ 34,965,321	\$ 1,047,843	\$ 4,738,196	

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Capital assets/right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	35,530,409
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(12,763)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(6,955,000)
Leases	(75,238)
OPEB	(36,123,723)
Compensated absences	(376,925)
Deferred outflow - pension	4,803,925
Deferred outflow - OPEB	3,745,404
Net pension liability	(1,480,400)
Deferred inflow - pension	(888,392)
Deferred inflow - OPEB	(30,836,823)
Net Position of Governmental Activities	\$ 2,492,897

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For The Year Ended June 30, 2024

	General Fund	Special Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and tax items	\$ 15,572,215	\$ -	\$ -	\$ 15,572,215
Non-property taxes	1,295,477	-	-	1,295,477
Charges for services	185,217	-	-	185,217
Use of money and property	900,144	-	68,845	968,989
Sale of property and compensation for loss	1,620	-	-	1,620
Miscellaneous	376,465	-	15,041	391,506
State sources	13,492,706	265,449	118,355	13,876,510
Federal sources	68,457	2,343,850	543,488	2,955,795
Sales	-	-	48,639	48,639
TOTAL REVENUES	\$ 31,892,301	\$ 2,609,299	\$ 794,368	\$ 35,295,968
EXPENDITURES				
General support	\$ 4,047,788	\$ 681,928	\$ -	\$ 4,729,716
Instruction	13,871,320	1,831,995	-	15,703,315
Pupil transportation	655,508	64,622	-	720,130
Community services	31,260	-	-	31,260
Employee benefits	7,236,292	103,690	31,923	7,371,905
Debt service - principal	1,716,681	-	-	1,716,681
Debt service - interest	264,717	-	-	264,717
Cost of sales	-	-	298,587	298,587
Other expenses	-	-	300,379	300,379
Capital outlay	-	-	307,233	307,233
TOTAL EXPENDITURES	\$ 27,823,566	\$ 2,682,235	\$ 938,122	\$ 31,443,923
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 4,068,735	\$ (72,936)	\$ (143,754)	\$ 3,852,045
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ 300,672	\$ 72,936	\$ 2,340,095	\$ 2,713,703
Transfers - out	(2,413,031)	-	(300,672)	(2,713,703)
BAN's redeemed from appropriations	-	-	160,000	160,000
Proceeds from obligations - leases	-	-	96,919	96,919
TOTAL OTHER FINANCING SOURCES (USES)	\$ (2,112,359)	\$ 72,936	\$ 2,296,342	\$ 256,919
NET CHANGE IN FUND BALANCE	\$ 1,956,376	\$ -	\$ 2,152,588	\$ 4,108,964
FUND BALANCE, BEGINNING OF YEAR	29,226,827	-	1,826,632	31,053,459
FUND BALANCE, END OF YEAR	\$ 31,183,203	\$ -	\$ 3,979,220	\$ 35,162,423

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2024

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS

\$ 4,108,964

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 307,233	
Additions to Assets, Net	341,640	
Depreciation and Amortization	<u>(2,274,406)</u>	
		(1,625,533)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 1,716,681	
Proceeds from BAN Redemption	(160,000)	
Unamortized Bond Premium	40,178	
Proceeds from Leases	<u>(96,919)</u>	
		1,499,940

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 2,859

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. 2,671,474

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System	(748,162)
Employees' Retirement System	(145,760)

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences	<u>23,792</u>
----------------------	---------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 5,787,574

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2024

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 27,217
TOTAL ASSETS	<u>\$ 27,217</u>
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 27,217
TOTAL NET POSITION	<u>\$ 27,217</u>

Statement of Changes in Fiduciary Net Position

For The Year Ended June 30, 2024

	Custodial Funds
ADDITIONS	
Student activity	\$ 95,805
TOTAL ADDITIONS	<u>\$ 95,805</u>
DEDUCTIONS	
Student activity	\$ 99,201
TOTAL DEDUCTIONS	<u>\$ 99,201</u>
CHANGE IN NET POSITION	\$ (3,396)
NET POSITION, BEGINNING OF YEAR	<u>30,613</u>
NET POSITION, END OF YEAR	<u>\$ 27,217</u>

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2024

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The East Rochester Union Free 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 five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Extraclassroom Activity Funds

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

(I.) (Continued)

B. Joint Venture

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

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

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

During the year, the District was billed \$4,252,966 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,168,418.

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

C. Basis of Presentation

1. Districtwide Statements

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

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

(I.) (Continued),

2. **Fund Statements**

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

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

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

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

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

Miscellaneous Special Revenue Fund – used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest of long-term obligations for governmental activities.

Capital Projects Fund - Used to account for the acquisition construction or major repair of capital facilities.

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

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

(I.) (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 13, 2023. Taxes are collected during the period September 1, 2023 to October 31, 2023.

Uncollected real property taxes are subsequently enforced by the County of Monroe 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.

F. Restricted Resources

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

(I.) (Continued)

G. Interfund Transactions

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

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

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

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

H. Estimates

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

I. Cash and Cash Equivalents

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

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

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

Investments are stated at fair value.

(I.) (Continued)

J. Receivables

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

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

K. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

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

L. Capital Assets

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

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

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

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

(I.) (Continued)

M. Right To Use Assets

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

N. Unearned Revenue

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

O. Deferred Outflows and Inflows of Resources

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

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

P. Vested Employee Benefits

1. Compensated Absences

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

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

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

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

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

(I.) (Continued)

Q. Other Benefits

District employees participate in the New York State Employees' Retirement System and 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 coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R. Short-Term Debt

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

S. Accrued Liabilities and Long-Term Obligations

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

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

T. Equity Classifications

1. District-Wide Statements

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

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

(I.) (Continued)

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

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

	<u>Total</u>
Workers' Compensation	\$ 1,088,000
Retirement Contribution - TRS	824,828
Liability	1,100,000
Miscellaneous Reserve	179,780
Capital Projects	2,289,686
Employee Benefit Accrued Liability	482,827
Debt	1,328,434
Tax Certiorari	1,956,473
Unemployment Costs	1,933,300
Total Net Position - Restricted for Other Purposes	<u>\$ 11,183,328</u>

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of \$58,944,324 at year end is the result of full implementation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes \$15,700 of inventory in the school lunch fund.

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

(I.) (Continued)

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

<u>Name of Reserve</u>	<u>Maximum Funding</u>	<u>Total Funding Provided</u>	<u>Total Year to Date Balance</u>
2021 Technology Reserve	\$ 2,000,000	\$ 2,000,000	\$ 2,004,728
2021 Capital Projects Reserve	\$ 5,000,000	\$ 5,000,000	\$ 5,013,037
2016 Technology Reserve	\$ 2,000,000	\$ 2,000,000	\$ 1,278,896
2014 Capital Reserve	\$ 5,000,000	\$ 5,000,000	\$ 2,356,630
2012 Equipment Reserve	\$ 1,000,000	\$ 1,000,000	\$ 425,478
2019 Furnishing and Equipment Capital Reserve	\$ 1,000,000	\$ 1,000,000	\$ 1,001,415
Equipment Reserve 2024	\$ 2,000,000	\$ 715,000	\$ 715,000
Capital Projects Reserve 2024	\$ 5,000,000	\$ 1,054,601	\$ 1,054,601

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

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

Insurance Reserve - 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 appropriation, 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.

(I.) (Continued)

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

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

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

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

Workers' Compensation Reserve - According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. 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.

Liability Reserve - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

(I.) (Continued)

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation	\$ 1,088,000
Unemployment Costs	1,933,300
Retirement Contribution - TRS	824,828
Retirement Contribution - ERS	4,663,472
Insurance	3,240,465
Tax Certiorari	1,956,473
Liability	1,100,000
Capital Reserve	13,849,785
Employee Benefit Accrued Liability	482,827
<u>Capital Fund -</u>	
2024 Playground	294,847
2025 CIP	1,994,839
<u>Miscellaneous Special Revenue Fund -</u>	
Scholarships	179,780
<u>Debt Service Fund -</u>	
Debt Service	1,328,434
Total Restricted Fund Balance	<u>\$ 32,937,050</u>

The District appropriated and/or budgeted funds from the following reserves for the 2024-25 budget:

	<u>Total</u>
Unemployment Costs	\$ 15,000
Retirement Contribution - ERS	216,947
Workers' Compensation	139,716
Capital Reserve - Equipment	183,804
Capital Reserve - Technology	119,680
Debt	200,000
Total	<u>\$ 875,147</u>

c. **Assigned Fund Balance** – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

(I.) (Continued)

Management has determined significant encumbrances for the General Fund to be \$47,000, the Capital fund to be \$6,200, and the Special Aid Fund to be \$5,700. The District reports the following significant encumbrances:

<u>General Fund -</u>	
General Support	\$ 116,930
Instruction	\$ 139,201
<u>Capital Fund -</u>	
Capital Outlay	\$ 824,474
<u>Special Aid Fund -</u>	
General Support	\$ 29,093
Instruction	\$ 64,501

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 256,453
General Fund - Appropriated for Taxes	500,000
School Lunch Fund - Year End Equity	165,620
Total Assigned Fund Balance	<u>\$ 922,073</u>

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

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

3. **Order of Use of Fund Balance**

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

(I.) (Continued)

U. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2024, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 99, *Omnibus 2022 (financial guarantees and derivative instruments)*.

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*.

V. Future Changes in Accounting Standards

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

GASB has issued Statement No. 102, *Certain risk Disclosures*, which will be effective for fiscal years beginning after June 15, 2024.

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, which will be effective for fiscal years beginning after June 15, 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.

II. Stewardship, Compliance and Accountability

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

A. Budgets

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

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2023-24 fiscal year, the budget was amended for \$254,571 in prior year encumbrances and \$1,940,000 for a voter approve use of capital reserve funds.

(II.) (Continued)

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

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

B. Encumbrances

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

III. Cash and Cash Equivalents

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

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

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

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 within Trust Department or Agent	31,757,942
Total	<u>\$ 31,757,942</u>

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$ 32,937,050 within the governmental funds and \$ 27,217 in the custodial funds.

IV. Investments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to ensure the fair value of the asset. The hierarchy is as follows:

Level 1 – inputs are quoted prices in active markets for identical assets.

Level 2 – inputs are significant observable inputs.

Level 3 – inputs are significant unobservable inputs.

The following presents information about the District's investments measurable fair value at June 30, 2024:

<u>Type</u>	<u>Fair Value</u>	<u>Level</u>
Common Stock	<u>\$ 147,354</u>	1

V. Receivables

Receivables at June 30, 2024 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Nonmajor Funds</u>	
Accounts Receivable	\$ 158,403	\$ -	\$ -	\$ 158,403
Due From State and Federal	484,764	577,979	39,724	1,102,467
Due From Other Governments	845,803	-	-	845,803
Lease Receivable	57,454	-	-	57,454
Total Receivables	<u>\$ 1,546,424</u>	<u>\$ 577,979</u>	<u>\$ 39,724</u>	<u>\$ 2,164,127</u>

District management has deemed the amounts to be fully collectible.

The future lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 18,484	\$ 1,516
2026	19,143	857
2027	19,827	173
Total	<u>\$ 57,454</u>	<u>\$ 2,546</u>

VI. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2024 were as follows:

	Interfund			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,259,123	\$ 1,239,345	\$ 300,672	\$ 2,413,031
Special Aid Fund	229,127	988,434	72,936	-
Non-Major Funds	1,475,928	736,399	2,340,095	300,672
Total	\$ 2,964,178	\$ 2,964,178	\$ 2,713,703	\$ 2,713,703

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

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

VII. Capital Assets and Lease Assets

A. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 22,239	\$ -	\$ -	\$ 22,239
Work in progress	-	307,233	96,919	210,314
Total Nondepreciable	\$ 22,239	\$ 307,233	\$ 96,919	\$ 232,553
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 74,449,593	\$ -	\$ -	\$ 74,449,593
Machinery and equipment	4,867,865	220,141	43,776	5,044,230
Total Depreciated Assets	\$ 79,317,458	\$ 220,141	\$ 43,776	\$ 79,493,823
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 38,400,263	\$ 1,951,446	\$ -	\$ 40,351,709
Machinery and equipment	4,363,510	14,617	45,371	4,332,756
Total Accumulated Depreciation	\$ 42,763,773	\$ 1,966,063	\$ 45,371	\$ 44,684,465
Total Capital Assets Depreciated, Net of Accumulated Depreciation	\$ 36,553,685	\$ (1,745,922)	\$ (1,595)	\$ 34,809,358
Total Capital Assets	\$ 36,575,924	\$ (1,438,689)	\$ 95,324	\$ 35,041,911

(VII.) (Continued)

B. Lease Assets

A summary of the lease activity during the year ended June 30, 2024 is as follows:

<u>Type</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
<u>Lease Assets:</u>				
Equipment	\$ 1,512,805	\$ 216,823	\$ 210,761	\$ 1,518,867
<i>Total Lease Assets</i>	<u>\$ 1,512,805</u>	<u>\$ 216,823</u>	<u>\$ 210,761</u>	<u>\$ 1,518,867</u>
<u>Less Accumulated Amortization -</u>				
Equipment	\$ 932,787	\$ 308,343	\$ 210,761	\$ 1,030,369
<i>Total Accumulated Amortization</i>	<u>\$ 932,787</u>	<u>\$ 308,343</u>	<u>\$ 210,761</u>	<u>\$ 1,030,369</u>
Total Lease Assets, Net	<u>\$ 580,018</u>	<u>\$ (91,520)</u>	<u>\$ -</u>	<u>\$ 488,498</u>

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

Depreciated capital assets, net	\$ 34,809,358
Amortized lease assets, net	488,498
Total Other Capital Assets, net	<u>\$ 35,297,856</u>

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

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government Support	\$ 68,602	\$ -	\$ 68,602
Instruction	1,859,205	308,343	2,167,548
School Lunch	38,256	-	38,256
Total Depreciation and Amortization Expense	<u>\$ 1,966,063</u>	<u>\$ 308,343</u>	<u>\$ 2,274,406</u>

VIII. Short-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
BAN - Capital Project	6/24/2024	4.18%	\$ -	\$ 160,000	\$ 160,000	\$ -
Total Short-Term Debt			<u>\$ -</u>	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ -</u>

The short-term interest expense for the year is \$1,783.

IX. Long-Term Debt Obligations

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

	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 8,490,000	\$ -	\$ 1,535,000	\$ 6,955,000	\$ 1,345,000
Unamortized Bond Premium	40,178	-	40,178	-	-
Lease Liability	-	96,919	21,681	75,238	32,222
Total Bonds and Notes Payable	\$ 8,530,178	\$ 96,919	\$ 1,596,859	\$ 7,030,238	\$ 1,377,222
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 2,264,723	\$ -	\$ 784,323	\$ 1,480,400	\$ -
OPEB	55,770,665	-	19,646,942	36,123,723	-
Compensated Absences	578,675	-	9,546	569,129	192,204
Total Other Liabilities	\$ 58,614,063	\$ -	\$ 20,440,811	\$ 38,173,252	\$ 192,204
Total Long-Term Obligations	\$ 67,144,241	\$ 96,919	\$ 22,037,670	\$ 45,203,490	\$ 1,569,426

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

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2024</u>
<u>Serial Bonds -</u>					
Construction	\$ 4,045,000	2013	2027	2%-5%	\$ 1,110,000
Reconstruction	\$ 3,095,000	2017	2031	3%-5%	1,820,000
Refunding	\$ 2,745,000	2021	2027	1%-4%	700,000
Construction	\$ 4,803,345	2021	2036	1%-2%	3,325,000
Total Serial Bonds					\$ 6,955,000
<u>Leases -</u>					
Leases	\$ 96,919	2024	2027	5.02%	\$ 75,238
Total Leases					\$ 75,238

The following is a summary of debt service requirements:

	<u>Serial Bonds</u>		<u>Leases</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,345,000	\$ 222,000	\$ 32,222	\$ 2,602
2026	950,000	183,900	33,706	1,118
2027	985,000	147,500	9,310	49
2028	525,000	106,950	-	-
2029	540,000	88,650	-	-
2030-34	2,010,000	190,750	-	-
2035-36	600,000	18,100	-	-
Total	\$ 6,955,000	\$ 957,850	\$ 75,238	\$ 3,769

(IX.) (Continued)

Interest on long-term debt for June 30, 2024 was composed of:

Interest Paid	\$ 262,934
Less: Bond Amortization	(40,177)
Less: Interest Accrued in the Prior Year	(15,622)
Plus: Interest Accrued in the Current Year	12,763
Total Long-Term Interest Expense	\$ 219,898

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$735,000 of bonds outstanding are considered defeased.

X. Deferred Inflows and Outflows

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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 4,803,925	\$ 888,392
Leases	-	57,454
OPEB	3,745,404	30,836,823
Total	\$ 8,549,329	\$ 31,782,669

XI. Pension Plans

A. General Information

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

B. Provisions and Administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the system, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

(XI.) (Continued)

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 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

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2024:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ 241,226	\$ 1,003,283

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

At June 30, 2024, 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, 2024 for ERS and June 30, 2023 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

(XI.) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Net pension assets	\$ 902,341	\$ 578,059
District's portion of the Plan's total net pension asset	0.006%	0.051%

For the year ended June 30, 2024, the District recognized pension expense of \$400,391 for ERS and \$1,658,646 for TRS. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 290,643	\$ 1,401,640	\$ 24,604	\$ 3,464
Changes of assumptions	341,155	1,244,545	-	271,242
Net difference between projected and actual earnings on pension plan investments	-	295,493	440,789	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	51,768	188,870	12,389	135,904
Subtotal	\$ 683,566	\$ 3,130,548	\$ 477,782	\$ 410,610
District's contributions subsequent to the measurement date	79,029	910,782	-	-
Grand Total	\$ 762,595	\$ 4,041,330	\$ 477,782	\$ 410,610

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ -	\$ 259,498
2025	(157,632)	(283,285)
2026	183,141	2,339,573
2027	272,389	170,807
2028	(92,114)	136,435
Thereafter	-	96,910
Total	\$ 205,784	\$ 2,719,938

(XI.) (Continued)

E. Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95%
Decrement tables	April 1, 2016- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2022. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2022.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized as follows:

(XI.) (Continued)

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
<u>Asset Type -</u>		
Domestic equity	4.00%	6.80%
International equity	6.65%	7.60%
Global equity	0.00%	7.20%
Private equity	7.25%	10.10%
Real estate	4.60%	6.30%
Opportunistic portfolios	5.25%	0.00%
Real assets	5.79%	0.00%
Global bonds	0.00%	1.60%
Cash	0.25%	0.30%
Private debt	0.00%	6.00%
Real estate debt	0.00%	3.20%
High-yield bonds	0.00%	4.40%
Domestic fixed income	0.00%	2.20%
Fixed Income	1.50%	0.00%
Credit	5.40%	0.00%

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

F. Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.90% for ERS and 7.95% for TRS) than the current assumption :

(XI.) (Continued)

	1% Decrease	Current	1% Increase
<u>ERS</u>	<u>(4.90%)</u>	<u>Assumption</u>	<u>(5.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (2,837,052)	\$ (902,341)	\$ 713,544

	1% Decrease	Current	1% Increase
<u>TRS</u>	<u>(5.95%)</u>	<u>Assumption</u>	<u>(6.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (8,804,138)	\$ (578,059)	\$ 6,340,429

H. Pension Plan Fiduciary Net Position

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

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Employers' total pension liability	\$ 240,696,851	\$ 138,365,122
Plan net position	225,972,801	137,221,537
Employers' net pension asset/(liability)	<u>\$ (14,724,050)</u>	<u>\$ (1,143,585)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.88%	99.20%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$79,029.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 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, 2024 amounted to \$1,003,283.

XII. Postemployment Benefits

A. General Information About the OPEB Plan

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

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

Employees Covered by Benefit Terms – At March 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	215
Active Employees	<u>213</u>
Total	<u>428</u>

B. Total OPEB Liability

The District’s total OPEB liability of \$36,123,723 was measured as of March 31, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.42 percent
Salary Increases	3.42 percent, average, including inflation
Discount Rate	3.98 percent
Healthcare Cost Trend Rates	Initial rate of 5.10% increasing to an ultimate rate of 3.86%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

The discount rate was based on a tax-exempt, high-quality 20-year tax-exempt general obligation municipal bond or index rate.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor Mortality, fully generational using scale MP-2021.

(XII.) (Continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2023	<u>\$ 55,770,665</u>
<u>Changes for the Year -</u>	
Service cost	\$ 1,405,472
Interest	2,099,560
Differences between expected and actual experience	(19,890,830)
Changes in assumptions or other inputs	(1,628,922)
Benefit payments	<u>(1,632,222)</u>
Net Changes	<u>\$ (19,646,942)</u>
Balance at June 30, 2024	<u>\$ 36,123,723</u>

Changes of benefit terms reflect the following:

- The Salary scale changed from 3.53% to 3.42% effective June 30, 2024.
- Updated healthcare cost trend rates to rates effective June 30, 2024
- The Single Discount Rate changed from 3.78% to 3.98% effective June 30, 2024.
- New Plans were introduced.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current discount rate:

	1% Decrease	Discount	1% Increase
	<u>(2.98 %)</u>	<u>(3.98 %)</u>	<u>(4.98 %)</u>
Total OPEB Liability	\$ 41,554,811	\$ 36,123,723	\$ 31,733,247

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.10 percent increasing to 2.86 percent) or 1-percentage-point higher (6.10 percent increasing to 4.86 percent) than the current healthcare cost trend rate:

	1% Decrease	Healthcare	1% Increase
	<u>(4.10 %</u>	Cost Trend Rates	<u>(6.10%</u>
	<u>Increasing</u>	<u>Increasing</u>	<u>Increasing</u>
	<u>to 2.86 %)</u>	<u>to 3.86 %)</u>	<u>to 4.86 %)</u>
Total OPEB Liability	\$ 30,990,704	\$ 36,123,723	\$ 42,586,797

(XII.) (Continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$1,400,071. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,338,466	\$ 19,589,463
Changes of assumptions	-	11,247,360
Contributions after measurement date	406,938	-
Total	<u>\$ 3,745,404</u>	<u>\$ 30,836,823</u>

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

<u>Year</u>	
2025	\$ (5,657,396)
2026	(5,465,737)
2027	(5,465,737)
2028	(5,756,885)
2029	(4,127,854)
Thereafter	(1,024,748)
Total	<u>\$ (27,498,357)</u>

XIII. Risk Management

A. General Information

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

B. Health Plan

The District incurs costs related to the Rochester Area School Health Plan (Plan I and Plan II) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts.

(XIII.) (Continued)

1. **Plan I**

The Plans 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. Membership in the Plans may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plans may be effective only once annually on the last day of the Plans year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than thirty days prior to the end of the Plans year. Plan members bear an equal proportionate share of the Plans' assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement the Plans are a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors. This Plan's members include seventeen districts and two BOCES with the District bearing an equal proportionate share of the Plan's assets and claim liabilities.

This Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

This 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 claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in a 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 expenses in the periods in which they are made. During the year ended June 30, 2024, the District incurred premiums or contribution expenditures totaling \$540,186.

This Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended December 31, 2023, revealed that the Plan was fully funded.

2. **Plan II**

The District incurs costs related to the Rochester Area School Health Plan II sponsored by the Board of Cooperative Educational services, Second Supervisory District of Monroe and Orleans Counties (Monroe 2-Orleans BOCES). The Plan was established as a Municipal Cooperative under the authorization of Article 5-G of the General Municipal Law in 2004. The plan received a Certificate of Authority to operate as a self-funded plan under Article 47 of the New York State Insurance Law, effective January 1, 2020.

(XIII.) (Continued)

Membership in the Plan may be offered to any component school district of the Monroe 1 BOCES and Monroe 2-Orleans BOCES within the geographical boundaries of Monroe County, New York provided that the applicant provides proof of its financial responsibility that is satisfactory to the Board of Directors in its sole discretion, and the applicant is the same type of municipal corporation as the initial Participants. The Plan has full participation from all eligible participants including the two BOCES and seventeen component school districts.

A participant has the right to withdraw from the Plan, but such withdrawal shall be effective only on January 1 of the next Plan Year following the Plan Year in which the Participant provides notice. Any withdrawing Participant shall be responsible for its pro rata share of any Plan Deficit and shall satisfy any other obligation relating to the Participant's membership in the Plan. The withdrawing Participant shall not be entitled to share in any Plan surplus.

The Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. The annual premium equivalent for each coverage option under the Plan is established and approved by a majority of the entire Board of Directors. Each participant is required to contribute to the Plan an amount equal to the Premium Equivalent applicable to the coverage options, under which the Participants Enrollees are covered. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

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. Such claims estimates are based on the ultimate cost of claims that have been reported but not settled and claims that have been incurred but not reported.

The Plan is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The most recent audit available for the year ended December 31, 2023, revealed that the Plan was fully funded.

During the year ended June 30, 2024, the District incurred premiums or contribution expenditures totaling \$4,439,033.

C. Workers' Compensation

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Director. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

(XIII.) (Continued)

Plan membership is currently comprised of two BOCES and seventeen districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid.

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 claims 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 expenses in the periods in which they are made. During the year ended June 30, 2024, the District incurred premiums or contribution expenditures totaling \$136,975.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2023, revealed that the Plan was fully funded.

D. Dental Coverage

The District self-insures for dental coverage for its employees. The District uses a third-party administrator who is responsible for processing claims and estimating liabilities. The expenditures as claims are presented for payment with a cap of \$750 per employee or employee dependent. Liabilities are reported when it is probable that a loss has occurred, and the amount of loss can be reasonably estimated.

A reconciliation of the claims recorded for 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Beginning liabilities	\$ 3,995	\$ 201,089
Incurred claims	186,086	361,235
Claims payments	(186,015)	(558,329)
Ending Liabilities	<u>\$ 4,066</u>	<u>\$ 3,995</u>

(XIII.) (Continued)

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2024	\$ 186,015	\$ 186,086
2023	\$ 558,329	\$ 361,235
2022	\$ 167,765	\$ 178,145
2021	\$ 205,853	\$ 172,991
2020	\$ 138,521	\$ 5,488

E. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2023-24 fiscal year totaled \$19,529. The balance of the fund at June 30, 2024 was \$1,933,300 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2024, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XIV. Commitments and Contingencies

A. Litigation

There is no litigation pending against the District as of the balance sheet date.

B. Grants

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

XV. Rental of District Property

The District leases property to various organizations. Total rental income for the 2023-24 fiscal year totaled \$91,147 for space at Bird & Morgan rented to Monroe 2 BOCES.

XVI. Tax Abatement

The County of Monroe IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result, the District property tax revenue was reduced \$165,594. The District received payment in lieu of tax (PILOT) payment totaling \$149,656 to help offset the property tax reduction. The total net tax abated was \$15,938.

Required Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
For The Year Ended June 30, 2024

	TOTAL OPEB LIABILITY							
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 1,405,472	\$ 1,752,652	\$ 1,931,343	\$ 1,735,722	\$ 1,650,401	\$ 1,334,748	\$ 1,338,500	\$ 1,209,948
Interest	2,099,560	1,946,380	1,538,145	1,514,614	1,928,086	1,839,017	1,845,838	1,445,704
Changes in benefit terms	-	-	-	-	-	-	(79,187)	-
Differences between expected and actual experiences	(19,890,830)	(4,184,238)	5,928,932	3,186,256	(8,855,758)	3,346,958	(1,206,480)	7,054,779
Changes of assumptions or other inputs	(1,628,922)	(10,768,170)	(6,759,450)	1,393,579	11,452,199	(602,395)	1,455,871	(3,463,987)
Benefit payments	<u>(1,632,222)</u>	<u>(1,443,277)</u>	<u>(1,339,252)</u>	<u>(1,236,097)</u>	<u>(1,127,271)</u>	<u>(983,187)</u>	<u>(955,645)</u>	<u>(850,053)</u>
Net Change in Total OPEB Liability	\$ (19,646,942)	\$ (12,696,653)	\$ 1,299,718	\$ 6,594,074	\$ 5,047,657	\$ 4,935,141	\$ 2,398,897	\$ 5,396,391
Total OPEB Liability - Beginning	<u>\$ 55,770,665</u>	<u>\$ 68,467,318</u>	<u>\$ 67,167,600</u>	<u>\$ 60,573,526</u>	<u>\$ 55,525,869</u>	<u>\$ 50,590,728</u>	<u>\$ 48,191,831</u>	<u>\$ 42,795,440</u>
Total OPEB Liability - Ending	<u>\$ 36,123,723</u>	<u>\$ 55,770,665</u>	<u>\$ 68,467,318</u>	<u>\$ 67,167,600</u>	<u>\$ 60,573,526</u>	<u>\$ 55,525,869</u>	<u>\$ 50,590,728</u>	<u>\$ 48,191,831</u>
Covered Employee Payroll	\$ 10,963,105	\$ 10,589,303	\$ 8,771,295	\$ 8,506,736	\$ 10,546,196	\$ 10,217,202	\$ 11,250,160	\$ 10,889,711
Total OPEB Liability as a Percentage of Covered Employee Payroll	329.50%	526.67%	780.58%	789.58%	574.36%	543.45%	449.69%	442.54%

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

Required Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
For The Year Ended June 30, 2024

NYSERS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0061%	0.0059%	0.0055%	0.0057%	0.0059%	0.0060%	0.0058%	0.0061%	0.0062%	0.0066%
Proportionate share of the net pension liability (assets)	\$ 902,341	\$ 1,259,531	\$ (448,148)	\$ 5,636	\$ 1,564,741	\$ 427,749	\$ 187,717	\$ 571,670	\$ 1,002,357	\$ 203,186
Covered-employee payroll	\$ 2,003,074	\$ 1,906,263	\$ 1,680,558	\$ 1,737,260	\$ 1,755,797	\$ 1,642,071	\$ 1,597,953	\$ 1,606,060	\$ 1,581,416	\$ 1,666,072
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	45.048%	66.073%	-26.667%	0.324%	89.119%	26.049%	11.747%	35.595%	63.384%	12.196%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
NYSTRS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0505%	0.0524%	0.0494%	0.0508%	0.0531%	0.0530%	0.0545%	0.0552%	0.0526%	0.0489%
Proportionate share of the net pension liability (assets)	\$ 578,059	\$ 1,005,192	\$ (8,559,913)	\$ 1,402,503	\$ (1,378,986)	\$ (958,325)	\$ (414,480)	\$ 591,130	\$ (5,459,911)	\$ (5,448,018)
Covered-employee payroll	\$ 9,331,783	\$ 9,335,773	\$ 9,279,969	\$ 8,359,280	\$ 8,505,136	\$ 9,058,408	\$ 8,641,154	\$ 8,184,199	\$ 8,071,989	\$ 7,568,698
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	6.195%	10.767%	-92.241%	16.778%	-16.214%	-10.579%	-4.797%	7.223%	-67.640%	-71.981%
Plan fiduciary net position as a percentage of the total pension liability	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

(See Independent Auditors' Report)

Required Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
For The Year Ended June 30, 2024

NYSERS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 241,226	\$ 208,662	\$ 265,230	\$ 245,634	\$ 248,214	\$ 236,036	\$ 237,881	\$ 242,092	\$ 262,447	\$ 304,277
Contributions in relation to the contractually required contribution	(241,226)	(208,662)	(265,230)	(245,634)	(248,214)	(236,036)	(237,881)	(242,092)	(262,447)	(304,277)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,003,074	\$ 1,906,263	\$ 1,680,558	\$ 1,737,260	\$ 1,755,797	\$ 1,642,071	\$ 1,597,953	\$ 1,606,060	\$ 1,581,416	\$ 1,666,072
Contributions as a percentage of covered-employee payroll	12.04%	10.95%	15.78%	14.14%	14.14%	14.37%	14.89%	15.07%	16.60%	18.26%
NYSTRS Pension Plan										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,003,283	\$ 1,034,961	\$ 972,052	\$ 842,989	\$ 810,542	\$ 998,694	\$ 906,796	\$ 1,075,181	\$ 1,196,113	\$ 1,451,464
Contributions in relation to the contractually required contribution	(1,003,283)	(1,034,961)	(972,052)	(842,989)	(810,542)	(998,694)	(906,796)	(1,075,181)	(1,196,113)	(1,451,464)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 9,331,783	\$ 9,335,773	\$ 9,279,969	\$ 8,359,280	\$ 8,505,136	\$ 9,058,408	\$ 8,641,154	\$ 8,184,199	\$ 8,071,989	\$ 7,568,698
Contributions as a percentage of covered-employee payroll	10.75%	11.09%	10.47%	10.08%	9.53%	11.03%	10.49%	13.14%	14.82%	19.18%

(See Independent Auditors' Report)

Required Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Revised Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 15,404,891	\$ 13,881,579	\$ 13,884,579	\$ 3,000
Real property tax items	149,500	1,672,812	1,687,636	14,824
Non-property taxes	900,000	900,000	1,295,477	395,477
Charges for services	5,000	5,000	185,217	180,217
Use of money and property	105,000	105,000	900,144	795,144
Sale of property and compensation for loss	-	-	1,620	1,620
Miscellaneous	160,000	160,000	376,465	216,465
State Sources -				
Basic formula	12,242,218	12,242,218	10,085,553	(2,156,665)
Lottery aid	-	-	2,137,884	2,137,884
BOCES	1,311,551	1,311,551	1,168,418	(143,133)
Textbooks	103,380	103,380	56,794	(46,586)
All Other Aid -				
Computer software	-	-	34,786	34,786
Library loan	-	-	6,775	6,775
Other aid	-	-	2,496	2,496
Federal Sources	<u>50,000</u>	<u>50,000</u>	<u>68,457</u>	<u>18,457</u>
TOTAL REVENUES	<u>\$ 30,431,540</u>	<u>\$ 30,431,540</u>	<u>\$ 31,892,301</u>	<u>\$ 1,460,761</u>
Other Sources -				
Transfer - in	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 300,672</u>	<u>\$ 100,672</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 30,631,540</u>	<u>\$ 30,631,540</u>	<u>\$ 32,192,973</u>	<u>\$ 1,561,433</u>
Appropriated reserves	<u>\$ 649,857</u>	<u>\$ 2,589,857</u>		
Appropriated fund balance	<u>\$ 600,000</u>	<u>\$ 600,000</u>		
Prior year encumbrances	<u>\$ 254,571</u>	<u>\$ 254,571</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u><u>\$ 32,135,968</u></u>	<u><u>\$ 34,075,968</u></u>		

Required Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2024

	<u>Original</u>	<u>Amended</u>	<u>Current</u>		<u>Unencumbered</u>
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Encumbrances</u>	<u>Balances</u>
EXPENDITURES			<u>Expenditures</u>		
General Support -					
Board of education	\$ 73,855	\$ 69,974	\$ 62,050	\$ -	\$ 7,924
Central administration	258,083	258,083	256,865	-	1,218
Finance	891,021	851,111	808,013	17,856	25,242
Staff	230,718	196,581	188,686	-	7,895
Central services	2,451,058	2,485,023	2,316,675	99,074	69,274
Special items	421,395	421,395	415,499	-	5,896
Instructional -					
Instruction, administration and improvement	887,972	935,608	850,053	3,952	81,603
Teaching - regular school	6,204,605	6,134,932	5,580,920	86,942	467,070
Programs for children with handicapping conditions	6,106,617	6,092,317	4,220,624	4,436	1,867,257
Occupational education	790,599	836,995	820,244	7,991	8,760
Teaching - special schools	74,492	74,492	25,789	-	48,703
Instructional media	946,784	947,574	886,229	3,336	58,009
Pupil services	1,548,258	1,801,353	1,487,461	32,544	281,348
Pupil Transportation	1,102,869	1,002,039	655,508	-	346,531
Community Services	44,600	44,600	31,260	322	13,018
Employee Benefits	7,745,292	7,527,645	7,236,292	-	291,353
Debt service - principal	1,695,000	1,716,681	1,716,681	-	-
Debt service - interest	262,750	266,534	264,717	-	1,817
TOTAL EXPENDITURES	\$ 31,735,968	\$ 31,662,937	\$ 27,823,566	\$ 256,453	\$ 3,582,918
Other Uses -					
Transfers - out	\$ 400,000	\$ 2,413,031	\$ 2,413,031	\$ -	\$ -
TOTAL EXPENDITURES AND OTHER USES	\$ 32,135,968	\$ 34,075,968	\$ 30,236,597	\$ 256,453	\$ 3,582,918
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 1,956,376		
FUND BALANCE, BEGINNING OF YEAR	29,226,827	29,226,827	29,226,827		
FUND BALANCE, END OF YEAR	\$ 29,226,827	\$ 29,226,827	\$ 31,183,203		

Note to Required Supplementary Information:

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

Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Schedule of Change From Adopted Budget To Final Budget
And The Real Property Tax Limit
For The Year Ended June 30, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	\$ 31,881,397
Prior year's encumbrances	<u>254,571</u>
Original Budget	\$ 32,135,968
Budget revisions -	
Voter approved use of capital reserve	<u>1,940,000</u>
FINAL BUDGET	<u><u>\$ 34,075,968</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2024-25 voter approved expenditure budget	\$ 32,189,988
<u>Unrestricted fund balance:</u>	
Assigned fund balance	\$ 756,453
Unassigned fund balance	<u>1,287,600</u>
Total Unrestricted fund balance	<u>\$ 2,044,053</u>
<u>Less adjustments:</u>	
Appropriated fund balance	\$ 500,000
Encumbrances included in assigned fund balance	<u>256,453</u>
Total adjustments	<u>\$ 756,453</u>
General fund fund balance subject to Section 1318 of	
Real Property Tax Law	<u>1,287,600</u>
ACTUAL PERCENTAGE	<u><u>4.00%</u></u>

Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
For The Year Ended June 30, 2024

<u>Project Title</u>	<u>Expenditures</u>					<u>Unexpended</u>	<u>Methods of Financing</u>			<u>Fund</u>
	<u>Original</u>	<u>Revised</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>		<u>Local</u>	<u>State</u>	<u>Total</u>	
	<u>Appropriation</u>	<u>Appropriation</u>	<u>Years</u>	<u>Year</u>		<u>Balance</u>	<u>Sources</u>	<u>Sources</u>		<u>Balance</u>
24Play Playground Project	\$ 400,000	\$ 400,000	\$ -	\$ 105,153	\$ 105,153	\$ 294,847	400,000	\$ -	\$ 400,000	\$ 294,847
2025 CIP Project	10,000,000	10,000,000	-	105,161	105,161	9,894,839	2,100,000	-	2,100,000	1,994,839
Smart Schools Bond Act	836,381	836,381	786,505	-	786,505	49,876	-	786,505	786,505	-
Leases	96,919	96,919	-	96,919	96,919	-	96,919	-	96,919	-
TOTAL	<u>\$ 11,333,300</u>	<u>\$ 11,333,300</u>	<u>\$ 786,505</u>	<u>\$ 307,233</u>	<u>\$ 1,093,738</u>	<u>\$ 10,239,562</u>	<u>\$ 2,596,919</u>	<u>\$ 786,505</u>	<u>\$ 3,383,424</u>	<u>\$ 2,289,686</u>

Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds				Total
	School Lunch <u>Fund</u>	Miscellaneous Special Revenue <u>Fund</u>	Debt Service <u>Fund</u>	Capital Projects <u>Fund</u>	Nonmajor Governmental <u>Funds</u>
ASSETS					
Cash and cash equivalents	\$ 166,632	\$ 32,426	\$ 1,111,353	\$ 1,749,079	\$ 3,059,490
Investments	-	147,354	-	-	147,354
Receivables	39,724	-	-	-	39,724
Inventories	15,700	-	-	-	15,700
Due from other funds	97,970	-	417,081	960,877	1,475,928
TOTAL ASSETS	\$ 320,026	\$ 179,780	\$ 1,528,434	\$ 2,709,956	\$ 4,738,196
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u> -					
Accounts payable	\$ 3,161	\$ -	\$ -	\$ -	\$ 3,161
Accrued liabilities	3,246	-	-	-	3,246
Due to other funds	116,129	-	200,000	420,270	736,399
Due to other governments	4,176	-	-	-	4,176
Due to ERS	8,073	-	-	-	8,073
Unearned revenue	3,921	-	-	-	3,921
TOTAL LIABILITIES	\$ 138,706	\$ -	\$ 200,000	\$ 420,270	\$ 758,976
<u>Fund Balances</u> -					
Nonspendable	\$ 15,700	\$ -	\$ -	\$ -	\$ 15,700
Restricted	-	179,780	1,328,434	2,289,686	3,797,900
Assigned	165,620	-	-	-	165,620
TOTAL FUND BALANCE	\$ 181,320	\$ 179,780	\$ 1,328,434	\$ 2,289,686	\$ 3,979,220
TOTAL LIABILITIES AND FUND BALANCES	\$ 320,026	\$ 179,780	\$ 1,528,434	\$ 2,709,956	\$ 4,738,196

Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2024

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Lunch Fund	Miscellaneous Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
REVENUES					
Use of money and property	\$ -	\$ 15,879	\$ 52,966	\$ -	\$ 68,845
Miscellaneous	8,691	6,350	-	-	15,041
State sources	118,355	-	-	-	118,355
Federal sources	543,488	-	-	-	543,488
Sales	48,639	-	-	-	48,639
TOTAL REVENUES	\$ 719,173	\$ 22,229	\$ 52,966	\$ -	\$ 794,368
EXPENDITURES					
Employee benefits	\$ 31,923	\$ -	\$ -	\$ -	\$ 31,923
Cost of sales	298,587	-	-	-	298,587
Other expenses	288,029	12,350	-	-	300,379
Capital outlay	-	-	-	307,233	307,233
TOTAL EXPENDITURES	\$ 618,539	\$ 12,350	\$ -	\$ 307,233	\$ 938,122
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 100,634	\$ 9,879	\$ 52,966	\$ (307,233)	\$ (143,754)
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ 95	\$ -	\$ -	\$ 2,340,000	\$ 2,340,095
Transfers - out	(100,672)	-	(200,000)	-	(300,672)
BAN's redeemed from appropriations	-	-	-	160,000	160,000
Proceeds from obligations - leases	-	-	-	96,919	96,919
TOTAL OTHER FINANCING SOURCES (USES)	\$ (100,577)	\$ -	\$ (200,000)	\$ 2,596,919	\$ 2,296,342
NET CHANGE IN FUND BALANCE	\$ 57	\$ 9,879	\$ (147,034)	\$ 2,289,686	\$ 2,152,588
FUND BALANCE, BEGINNING OF YEAR	181,263	169,901	1,475,468	-	1,826,632
FUND BALANCE, END OF YEAR	\$ 181,320	\$ 179,780	\$ 1,328,434	\$ 2,289,686	\$ 3,979,220

Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets/Right to Use Assets
For The Year Ended June 30, 2024

Capital assets/right to use assets, net		\$ 35,530,409
Deduct:		
Bond payable	\$ 6,955,000	
Lease payable	<u>75,238</u>	
		<u>7,030,238</u>
Net Investment in Capital Assets/Right to use assets		<u><u>\$ 28,500,171</u></u>

Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2024

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>			
<u>Passed Through NYS Education Department -</u>			
<u>Special Education Cluster IDEA -</u>			
Special Education - Grants to States (IDEA, Part B)	84.027	0032-24-0367	\$ 270,226
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0367	423
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-24-0367	16,515
ARP - Special Education - Grants to States (IDEA, Part B)-COVID-19	84.027X	5532-22-0367	14,869
ARP - Special Education - Preschool Grants (IDEA Preschool)-COVID-19	84.173X	5533-22-0367	464
Total Special Education Cluster IDEA			\$ 302,497
<u>Education Stabilization Fund -</u>			
CRRSA-COVID-19	84.425D	5891-21-1380	\$ 411,597
ARP Homeless II	84.425W	5218-21-1380	1,856
ARPA ESSER-COVID-19	84.425U	5880-21-1380	1,195,931
Total Education Stabilization Fund			\$ 1,609,384
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-23-1380	13,347
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-24-1380	44,686
Title IV - Student Support and Enrichment Program	84.424	0204-24-1380	32,564
Title I - Grants to Local Educational Agencies	84.010	0021-24-1380	321,372
Total U.S. Department of Education			\$ 2,323,850
<u>U.S. Department of Agriculture:</u>			
<u>Passed Through NYS Education Department -</u>			
<u>Child Nutrition Cluster -</u>			
National School Lunch Program	10.555	005546	\$ 343,970
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	005546	44,673
Supply Chain Assistance - COVID 19	10.555	005546	49,158
Summer Food Service Program	10.559	005546	9,139
National School Breakfast Program	10.553	005546	93,016
Total Child Nutrition Cluster			\$ 539,956
Food Service Equipment Assistance Grant	10.579	0805-23-0038	20,000
National School Lunch - Local Food for Schools	10.185	005546	3,532
Total U.S. Department of Agriculture			\$ 563,488
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,887,338



BUSINESS
ADVISORS
AND CPAS

Government Auditing Standards

Independent Auditors' Report

To the Board of Education
East Rochester Union Free School District, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Rochester Union Free School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 2, 2024

FORM OF BOND COUNSEL’S OPINION

June 25, 2025

East Rochester Union Free School District
 Monroe County
 State of New York

Re: East Rochester Union Free School District, Monroe County, New York
 \$7,762,000 Bond Anticipation Notes, 2025

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$7,762,000 Bond Anticipation Notes, 2025 (the "Obligations"), of the East Rochester Union Free School District, Monroe County, New York (the "Obligor"), dated June 25, 2025, numbered 1, of the denomination of \$7,762,000, bearing interest at the rate of ____% per annum, payable at maturity, and maturing June 25, 2026

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

In our opinion:

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

- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Obligations included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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

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

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP