PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE | **BOND ANTICIPATION NOTES**

In the opinion of Trespasz & Marquardt, LLP, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the School District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, 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 accrual of interest on the Notes. (See "TAX MATTERS" herein.)

The Notes will be "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

$7,659,528

TULLY CENTRAL SCHOOL DISTRICT

ONONDAGA AND CORTLAND COUNTIES, NEW YORK

GENERAL OBLIGATIONS

$7,659,528 Bond Anticipation Notes, 2023
(the "Notes")

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

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

The Notes are not subject to redemption prior to maturity.

At the option of the purchaser(s), the Notes will be issued in (i) registered form in the name of the purchaser(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the School District. The Notes will be issued in denominations of $5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes $9,528. 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 a necessary odd denomination which is or includes $9,528. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

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

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on June 13, 2023 by no later than 10:45 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.

June 1, 2023

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

TULLY CENTRAL SCHOOL DISTRICT
ONONDAGA AND CORTLAND COUNTIES, NEW YORK

SCHOOL DISTRICT OFFICIALS

2022-2023 BOARD OF EDUCATION

ANDREA MOUREY
President

EDWARD WORTLEY, II
Vice President

E. FAY BURT
JANE BYRNE-PANZARELLA
RYAN CHATFIELD
COLLEEN KANIA
BETTEMAE RUSSELL

* * * * *

DARCY WOODCOCK
Superintendent of Schools

KEVIN SOMMER
School Business Administrator

JEANETTE NEADOM
School District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

TRESPASZ & MARQUARDT, LLP
BOND COUNSEL

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

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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OFFICIAL STATEMENT

OF THE

TULLY CENTRAL SCHOOL DISTRICT
ONONDAGA AND CORTLAND COUNTIES, NEW YORK

RELATING TO

$7,659,528 Bond Anticipation Notes, 2023

This Official Statement, which includes the cover page and appendices, has been prepared by the Tully Central School District, Onondaga and Cortland Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of $7,659,528 principal amount of Bond Anticipation Notes, 2023 (the "Notes").

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

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

THE NOTES

Description of the Notes

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

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

The Notes will be issued in denominations of $5,000 each or multiples thereof, except for one necessary odd denomination which is or includes $9,528, either (i) registered in the name of the purchaser, in certificated form with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) as registered book-entry-only notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

On October 28, 2019, District voters approved a $10,700,000 capital project consisting of certain renovations and improvements to the District's Junior/Senior High School, Elementary School, Maintenance Building and Bus Garage. The District will use $2,750,000 Capital Reserve monies for the project and finance the balance of the project with the issuance of bond anticipation notes and serial bonds. The Notes are being issued pursuant to a bond resolution duly adopted by the Board of Education on November 25, 2019, authorizing the issuance of $7,950,000 serial bonds of the District to finance the capital project.

The District currently has $3,400,000 bond anticipation notes maturing June 28, 2023 and $2,100,000 bond anticipation notes maturing July 6, 2023 for the capital project. The Notes are being issued, along with $75,000 available funds of the District, to partially redeem and renew the bond anticipation notes maturing June 28, 2023 and July 6, 2023 and provide $2,234,528 new money for the capital project.

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.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

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

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that 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 $9,528. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District is located in upstate New York in the Counties of Cortland and Onondaga. The District's physical facilities are located in the Village of Tully, which is approximately 15 miles south of the City of Syracuse and approximately 20 miles north of the City of Cortland. The District, with an approximate land area of 90 square miles, is composed predominantly of rural towns with many residents commuting to the nearby Cities of Syracuse and Cortland for employment as well as retail and professional services.

Interstate Expressway #81 and Route #11 intersect in the District with New York Route #80. The District is serviced by the Syracuse Transportation Company's shuttle bus. In addition, Conrail has a north-south railroad line which runs through the District. Air service is provided by the Syracuse Hancock International Airport.

The Village of Tully has its own water and sewer systems as well as its own sewage treatment plant. Electricity and natural gas are provided by National Grid and telephone service is provided by Verizon. The Village of Tully has branch offices of First Niagara Bank and NBT Bank. The District also utilizes the services of various banks located in Syracuse.

The Syracuse Post Standard is the major newspaper serving the District.

Located in the District are numerous small parks, wildlife areas and recreation areas. Among the larger of these are the Tully Community Park, Green Lake Park, Heiberg Forest and Song Mountain Ski Area.

Source: District officials.

District Population

The estimated population of the District is 5,865 (Source: 2021 U.S. Census Bureau estimate).

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 Counties listed below. The figures set below with respect to such Towns and Counties is included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the Counties is necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2017-2021	2000	2006-2010	2017-2021
Towns of:						
Preble	$ 18,983	$ 24,657	$ 44,687	$ 45,789	$ 52,426	$ 99,375
Truxton	16,516	22,907	37,833	41,000	61,250	78,000
Fabius	21,206	30,757	37,456	59,167	79,904	86,905
Lafayette	24,591	28,304	41,765	60,523	70,333	98,242
Onondaga	25,522	30,751	43,836	63,674	80,264	107,987
Otisco	19,726	25,699	44,437	49,318	66,484	101,250
Spafford	24,014	37,661	65,213	61,250	77,500	116,042
Tully	25,223	36,094	51,343	63,266	91,591	130,573
Counties of:						
Onondaga	21,336	27,037	36,338	51,876	65,929	
Cortland	16,622	22,078	30,584	42,204	57,743	76,051
State of:						
New York	23,389	30,948	43,208	51,691	67,405	92,731

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

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

Unemployment Rate Statistics

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

Annual Average

	2016	2017	2018	2019	2020	2021	2022
Onondaga County	4.6%	4.6%	4.0%	3.8%	8.0%	4.9%	3.3%
Cortland County	5.8%	5.8%	5.1%	4.7%	7.7%	5.1%	3.8%
New York State	4.9%	4.6%	4.1%	3.8%	9.9%	6.9%	4.3%

2023 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun
Onondaga County	3.8%	3.5%	3.1%	2.5%	N/A	N/A
Cortland County	5.4	4.7	4.1	3.1	N/A	N/A
New York State	4.6	4.5	4.0	3.7	N/A	N/A

Note: Unemployment figures for May and June 2023 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 are 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.

The administrative officers of the District implement the policies of the Board of Education and supervise the operation of the school system.

Budgetary Procedures and Recent Budget Votes

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

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

Pursuant to Chapter 97 of the Laws of 2011 ("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 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

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

Recent Budget Vote Results

The District's 2022-23 budget was approved by the qualified voters of the School District on May 17, 2022 with a vote of 486 yes to 311 no. The District's budget for 2022-23 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The tax levy increase was 1.90%, which was below the District's allowable Tax Cap of 2.67% for the 2022-23 fiscal year.

The District's 2023-24 budget was approved by the qualified voters of the School District on May 16, 2023 with a vote of 228 yes to 127 no. The District's budget for 2023-24 remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The tax levy increase was 1.87% which was below the District's allowable Tax Cap of 1.87% for the 2023-24 fiscal year.

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.

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

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2023-2024 fiscal year, approximately 49.25% 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.

Federal Aid Received by the State

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2023-2024 preliminary building aid ratios, the District expects to receive State building aid of approximately 75.8% 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 (2018-2019): The State 2018-19 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at $26.03 billion statewide, a 3.4% increase over the last year. The State 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected.

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

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

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

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget provides $31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of $2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Budget also programs $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 allocates $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 increases federal funds by $125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School district fiscal year (2023-2024): The State's Budget for fiscal 2023-24 was enacted on May 2, 2024 and provides for a total of $34 billion in State funding to school districts for the 2023-24 school year. The enacted budget for fiscal 2023-24 represents a $3.2 billion or 10.4% increase in State funding for education, and includes a $2.629, or 12.3% percent Foundation Aid increase.

State Aid Litigation

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

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

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date.

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

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

State Aid Revenues

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

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2017-2018	$ 19,742,091	$ 9,174,682	46.47%
2018-2019	19,994,390	9,053,854	45.28
2019-2020	21,099,182	10,168,325	48.19
2020-2021	21,294,238	10,456,838	46.87
2021-2022	21,721,335	10,495,140	48.32
2022-2023 (Budgeted)	22,348,248	10,989,102	49.17
2023-2024 (Budgeted)	22,799,071	11,227,731	49.25

Source: Audited financial statements for the fiscal years 2017-2018 through and including 2021-2022 and adopted budgets of the District for the 2022-2023 and 2023-2024 fiscal years. This table is not audited.

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District Facilities

Name	Grades	Capacity	Year(s) Built
Tully Elementary School	K-6	700	1930, '50, '57, '86, ’98, ‘04
Tully Junior/Senior High School	7-12	800	1969, '86, ’98, ‘04

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2018-19	808	2023-24	730
2019-20	774	2024-25	730
2020-21	764	2025-26	730
2021-22	742	2026-27	730
2022-23	732	2027-28	730

Source: District officials.

Employees

The District employs approximately 167 full-time and 33 part-time employees. Certain employees are represented by the following unions:

Number of Employees	Union	Contract Expiration Date
123	Tully Teachers' Association	June 30, 2026
52	Teamster	June 30, 2025
9	Clerical	June 30, 2025
4	Administrators	June 30, 2025

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally 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 fiscal years 2017-2018 through and including 2021-2022 and budgeted figures for the 2022-2023 fiscal years are as follows:

Fiscal Year	ERS	TRS
2017-2018	$ 188,911	$ 809,727
2018-2019	184,913	735,254
2019-2020	194,480	614,798
2020-2021	241,881	672,985
2021-2022	192,918	854,137
2022-2023 (Budgeted)	182,511	779,276
2023-2024 (Budgeted)	230,678	821,875

Source: District records.

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

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

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

Year	ERS	TRS
2019-20	14.6%	8.86%
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76 (1)

(1) Estimated.

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by 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 allows school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts are permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS reserve fund in June of 2020 and has funded it in the amount of $268,170 as of June 30, 2021. The District added additional funds to reserve for fiscal year ended June 30, 2022, bringing the balance to $404,063.

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 Armory Associates, LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2021 and 2022.

The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

Balance at:	June 30, 2020	June 30, 2021
	$23,224,204	$25,876,388
Changes for the year:		
Service cost	811,514	1,175,675
Interest	831,765	592,449
Changes in Benefit Terms	-	-
Differences between expected and actual experience	(3,400,223)	-
Changes in assumptions or other inputs	4,951,116	331,117
Benefit payments	(541,988)	(488,821)
Net Changes	$2,652,184	$1,610,420
Balance at:	June 30, 2021	June 30, 2022
	$25,876,388	**$27,486,808**

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.

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

Other Information

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2022 and is attached hereto as "APPENDIX – D". Certain summary financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for 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 December 3, 2021. The purpose of the audit was to Determine whether District officials ensured network access controls over non-student user accounts were secure. for the period July 1, 2019 through February 11, 2021.

Key Findings:

- Officials did not develop written procedures for granting, changing and revoking access rights.
- Officials did not regularly review enabled non-student user accounts to determine whether they were appropriate or needed. As a result, the District had 47 unneeded network user accounts, including 24 that were created for former employees or third-party consultants who no longer work for the District.
- Unneeded network user accounts can be potential entry points for attackers and could be used to inappropriately access the District's information technology systems.

Sensitive information technology (IT) control weaknesses were communicated confidentially to officials.

Key Recommendations:

- Develop and adhere to written procedures for granting, changing, revoking and reviewing network user account access.
- Disable unneeded network user accounts in a timely manner.

District officials agreed with the recommendations and indicated they would take corrective action.

The District provided a complete response to the State Comptroller's office on November 19, 2021. 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 Comptrollers audits of the District that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
Towns of:					
Tully	$ 240,747,097	$ 250,923,813	$ 259,711,265	$ 259,741,013	$ 288,430,529
Otisco	2,738,071	2,768,243	2,782,434	2,797,512	2,834,836
Preble	51,982,883	52,668,254	52,716,110	53,684,544	54,193,527
Fabius	16,250,353	16,337,145	16,446,614	16,446,642	17,230,595
LaFayette	6,721,344	6,865,447	6,924,299	6,945,860	6,911,925
Spafford	10,944,890	11,269,520	11,303,096	11,451,115	11,412,439
Truxton	2,550,963	2,637,455	2,638,649	2,647,527	2,649,908
Onondaga	1,088,199	1,065,433	1,104,770	1,007,709	1,005,753
Total Assessed Values	$ 333,023,800	$ 344,535,310	$ 353,627,237	$ 354,721,922	$ 384,669,512
State Equalization Rates					
Towns of:					
Tully	100.00%	100.00%	100.00%	100.00%	100.00%
Otisco	2.00%	1.93%	1.90%	1.86%	1.70%
Preble	94.00%	89.00%	89.00%	86.00%	78.00%
Fabius	96.50%	94.00%	89.00%	89.00%	78.00%
LaFayette	93.00%	93.00%	90.00%	83.00%	75.00%
Spafford	90.50%	85.00%	83.00%	78.00%	65.00%
Truxton	97.00%	93.00%	93.00%	91.00%	80.00%
Onondaga	95.00%	94.50%	92.00%	89.50%	78.00%
Total Taxable Full Valuation	$ 472,887,715	$ 495,517,723	$ 509,216,033	$ 509,216,033	$ 518,132,870

Tax Rates Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
Towns of:					
Tully	$ 21.20	$ 20.64	$ 20.47	$ 20.45	$ 18.67
Otisco	1,061.82	1,069.93	1,077.72	1,100.33	1,099.40
Preble	22.57	23.19	23.00	23.79	23.95
Fabius	21.98	21.96	23.00	22.98	23.95
LaFayette	22.81	22.19	22.74	24.64	24.91
Spafford	23.44	24.28	24.66	26.23	28.74
Truxton	21.87	22.19	22.01	22.48	23.35
Onondaga	22.33	21.84	22.25	22.85	23.95

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2019	2020	2021	2022	2023
Total Tax Levy	$ 9,106,342	$ 9,382,985	$ 9,617,304	$ 9,838,078	$ 10,075,749
Amount Uncollected (1)	729,858	629,627	773,145	510,721	795,071
% Uncollected	8.01%	6.71%	8.04%	5.19%	7.89%

(1) As of the end of the local collection period. The Counties make the District whole prior to the District's fiscal year ending, thus assuring the District of 100% collections each year. See "Tax Collection Procedure" herein.

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 15th, uncollected taxes are returnable to Cortland and Onondaga Counties for collection. The District receives this amount from said Counties prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually.

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.

Fiscal Year	Total Revenues	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2017-2018	$ 19,742,091	$ 9,828,099	49.78%
2018-2019	19,994,390	10,088,574	50.49
2019-2020	21,099,182	10,286,439	48.75
2020-2021	21,294,238	10,504,862	49.33
2021-2022	21,721,335	10,703,928	49.28
2022-2023 (Budgeted)	22,348,248	10,901,446	48.78
2023-2024 (Budgeted)	22,799,071	11,094,340	48.66

Source: Audited financial statements for the fiscal years 2017-2018 through and including 2021-2022 and adopted budgets of the District for the 2022-2023 and 2023-2024 fiscal years. This table is not audited.

Larger Taxpayers 2022 for 2022-23 Tax Roll

Name	Type	Taxable Assessed Valuation
Aldi's	Commercial	$ 14,250,000
National Grid	Utility	10,744,298
Belmont Ridge Apartments	Commercial/Apartments	2,889,000
Suit-Kote Corporation	Commercial	2,195,000
Clearbuilt Inc.	Technology	2,000,000
CST New York LLC (Circle K)	Grocery	2,000,000
Rameshwadada LLC (Best Western)	Commercial	1,444,500
Northeast Transformer Svcs LLC	Repair/Building Services	1,292,260
Cranesville Block	Commercial	1,230,000
FMV Associates LLC	Residential	321,000

The ten largest taxpayers listed above have a total taxable assessed valuation of $38,366,058 which represents 7.40% of the tax base of the District.

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

Source: District Tax Rolls.

STAR – School Tax Exemption

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

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

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

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

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Tully	$ 81,400	$ 30,000	4/6/2023
Otisco	1,380	510	4/6/2023
Preble	63,490	23,400	4/6/2023
Fabius	63,490	23,760	4/6/2023
LaFayette	61,050	22,500	4/6/2023
Spafford	52,910	20,830	4/6/2023
Truxton	65,120	24,300	4/6/2023
Onondaga	63,490	23,900	4/6/2023

$940,147 of the District's $10,799,446 school tax levy for 2022-23 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2023.

Approximately $940,147 of the District's $23,595,071 school tax levy for 2023-24 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2024.

Additional Tax Information

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

Senior Citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is approximately residential-70%, commercial-16% and agricultural-14%.

The estimated total annual property tax bill of a $50,000 market value residential property located in the District is approximately $1,572 including State, Counties, Town, School District and Fire District Taxes (not including STAR W/ STAR $958).

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution 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 and utilized, no installment maybe 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 assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio 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 School District is not authorized to expend money, or

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

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

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

The Board of Education, as the finance board of the 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

Years Ending June 30:	2018	2019	2020	2021	2022
Bonds	$ 4,230,000	$ 3,490,000	$11,430,000	$10,335,000	$ 9,065,000
Bond Anticipation Notes	0	10,939,635	0	0	3,400,000
Other Debt [1]	2,754,900	2,544,900	2,329,000	2,104,900	1,869,900
Total Debt Outstanding	$ 6,984,900	$16,974,535	$13,759,000	$12,439,900	$ 14,334,900

[1] Represents a lease to finance an Energy Performance Contract (EPC). EPCs are not counted against the District's debt limit. See "Lease Agreements" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 1, 2023.

Type of Indebtedness	Maturity		Amount
Bonds	2023-2034		$ 8,905,000
Bond Anticipation Notes			
Capital Project	June 28, 2023		3,400,000 [1]
Capital Project	July 6, 2023		2,100,000 [1]
		Total Indebtedness	$ 14,405,000

[1] To be partially redeemed and renewed at maturity with the proceeds of the Notes and $75,000 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 1, 2023:

Full Valuation of Taxable Real Property			$ 518,132,870
Debt Limit 10% thereof			51,813,287
Inclusions:			
Bonds	$ 8,905,000		
Bond Anticipation Notes	75,000		
Principal of this Issue	7,659,528		
Total Inclusions		$ 16,639,528	
Exclusions:			
State Building Aid [(1)]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 16,639,528
Net Debt-Contracting Margin			$ 35,174,759
The percent of debt contracting power exhausted is			32.11%

(1) Based on 2023-2024 preliminary building aid estimates, the District anticipates State Building aid of 75.8% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Exclusion. 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.

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

Bonded Debt Service

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

Capital Project Plans

The District voters approved a capital project referendum on October 28, 2019 for $10,700,000 of which $2,750,000 will be paid for with available funds. Construction for this project was split into two phases. Phase 1 was started in Spring 2020 and was completed in 2021. Phase 2 of the project began in the Spring of 2022 and tentatively expects to be completed in 2023.

On April 14, 2022, the District issued $135,000 bond anticipation notes as the first borrowing for the capital project. The bond anticipation notes mature on June 28, 2022 and were paid in full at maturity with available funds of the District. The District issued $3,400,000 bond anticipation notes on June 28, 2022 as the second borrowing for the capital project. On December 15, 2022 the District issued an additional $2,100,000 for the project. The issuance of the Notes, along with $75,000 available funds of the District, will partially redeem and renew the bond anticipation notes maturing June 28, 2023 and July 6, 2023 and provide $2,234,528 new money for the capital project.

The District voters approved a capital project referendum on May 16, 2023 for $825,000, of which $260,000 will be paid for with Capital Reserve funds and the balance funded with borrowings, for the replacement of a gas tank/island replacement and renovations at the District’s bus garage. Borrowings for this project will be pursuant to State approval and cash flow needs.

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

Cash Flow Borrowings

The District has not found it necessary to issue tax anticipation notes in the past and does not anticipate issuing any in the foreseeable future.

Lease Agreements

On December 19, 2013, the District entered into a lease to finance an Energy Performance Contract ("EPC") in the amount of $3,520,891 at an interest rate of 3.29%. The last principal payment is expected to be made on November 1, 2028. As of the date of this Official Statement, $1,629,900 principal remains outstanding. EPC's are not counted against the District's debt limit. The energy savings along with the anticipated building aid are expected to offset the lease payments.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Cortland	12/31/2021	$ 25,405,000		$ 25,405,000	2.42%	$ 614,801
Onondaga	12/31/2021	690,754,309	303,373,159	387,381,150	1.48%	5,733,241
Town of:						
Fabius	12/31/2021	-	-	-	12.82%	-
LaFayette	12/31/2021	2,650,000	285,000	2,365,000	2.09%	49,429
Onondaga	12/31/2021	1,092,865	-	1,092,865	0.07%	765
Otisco	12/31/2021	-	-	-	64.39%	-
Spafford	12/31/2021	5,795,901	-	5,795,901	2.99%	173,297
Tully	12/31/2021	270,000	-	270,000	99.78%	269,406
Preble	12/31/2021	-	-	-	57.19%	-
Truxton	12/31/2021	-	-	-	3.54%	-
Village of:						
Tully	5/31/2022	2,705,000	2,705,000	-	100.00%	-
					Total:	$ 6,840,939

(1) Bonds and bond anticipation notes not adjusted to include subsequent bond sales, if any.
(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Note: The 2022 Comptroller's Special Report for Counties and Towns are currently unavailable as of the date of this Official Statement.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 1, 2023:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 16,639,528	$ 2,837.09	3.21%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	23,480,467	4,003.49	4.53

(a) The 2021 estimated population of the District is 5,865. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The District's full value of taxable real estate for the 2022-2023 fiscal year is $518,132,870. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $6,840,939. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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 is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In 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. (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.

COVID-19. An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District’s financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. The spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, spread globally, including to the United States, and was declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The outbreak had caused the federal government to declare a national state of emergency. The State also initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. Schools and non-essential businesses have been allowed to reopen under guidelines issues by the State. These steps had a material impact on public gatherings and the operations of schools, non-essential businesses and other entities for an extended period. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See “State Aid” herein).

TAX MATTERS

In the opinion of Trespasz & Marquardt, LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Aribtrage and Use of Proceeds Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – E" hereto.

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

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

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

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been advanced that would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

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

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

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Continuing Disclosure Compliance

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATINGS

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

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned 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, 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.

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

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

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

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

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

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

The District's contact information is as follows: Mr. Kevin Sommer, Business Administrator, Tully Central School District, 20 State Street, P.O. Box 628, Tully, New York 13159, telephone (315) 696-6203, fax (315) 696-6251, email kevin.sommer@tullyschools.org.

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

TULLY CENTRAL SCHOOL DISTRICT

Dated: June 1, 2023

Andrea Mourey, President
Board of Education
Tully Central School District

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2018	2019	2020	2021	2022
ASSETS					
Unrestricted Cash	$ 646,614	$ 1,544,033	$ 4,111,688	$ 2,279,423	$ 949,456
Restricted Cash	5,228,869	5,717,232	4,717,071	5,157,335	6,067,027
Due from Other Funds	2,320,244	2,163,246	2,513,198	2,521,662	3,151,081
Due from Other Governments	539,184	573,714	594,160	37,960	42,713
State and Federal Aid	-	-	-	748,838	549,440
TOTAL ASSETS	$ 8,734,911	$ 9,998,225	$ 11,936,117	$ 10,745,218	$ 10,759,717
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 14,967	$ 12,386	$ 14,129	$ 25,785	$ 80,963
Accrued Liabilities	62,282	61,757	89,122	515,037	498,834
Due to Other Funds	1,582,360	2,097,685	5,222,369	2,849,417	2,129,203
Revenue Anticipation Notes Payable	-	-	-	-	-
Deferred Revenues	-	-	-	-	-
Due to Teachers' Retirement System	700,759	788,320	673,819	754,136	809,649
Due to Employees' Retirement System	49,949	48,249	51,624	60,453	45,629
TOTAL LIABILITIES	$ 2,410,317	$ 3,008,397	$ 6,051,063	$ 4,204,828	$ 3,564,278
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	5,228,869	5,717,232	4,717,071	5,157,335	6,067,027
Assigned	298,708	438,837	309,762	507,334	226,483
Unassigned	797,017	833,759	858,221	875,721	901,929
TOTAL FUND EQUITY	$ 6,324,594	$ 6,989,828	$ 5,885,054	$ 6,540,390	$ 7,195,439
TOTAL LIABILITIES & FUND EQUITY	$ 8,734,911	$ 9,998,225	$ 11,936,117	$ 10,745,218	$ 10,759,717

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2017	2018	2019	2020	2021
REVENUES					
Real Property Taxes	$ 8,560,288	$ 8,648,389	$ 8,923,082	$ 9,192,351	$ 9,419,090
Other Tax Items	1,193,595	1,179,710	1,165,496	1,094,088	1,056,367
Nonproperty Tax Items	29,520	28,668	28,303	27,443	29,405
Charges for Services	55,580	73,628	118,444	148,011	123,030
Use of Money & Property	19,499	2,757	6,431	13,461	10,719
Sale of Property and Compensation for Loss	16,050	23,984	15,554	14,167	7,372
Miscellaneous	319,118	294,856	514,291	362,978	433,510
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	9,358,957	9,174,682	9,053,854	10,168,325	9,980,904
Revenues from Federal Sources	152,160	91,683	168,935	78,358	233,841
Total Revenues	$ 19,704,767	$ 19,518,357	$ 19,994,390	$ 21,099,182	$ 21,294,238
Other Sources:			-	-	-
Interfund Transfers	-	223,734	-	25,721	-
Total Revenues and Other Sources	$ 19,704,767	$ 19,742,091	$ 19,994,390	$ 21,124,903	$ 21,294,238
EXPENDITURES					
General Support	$ 3,170,143	$ 2,571,931	$ 2,188,803	$ 2,067,926	$ 2,343,462
Instruction	9,502,406	9,696,865	10,024,377	10,100,102	10,679,037
Pupil Transportation	1,123,032	1,237,769	1,243,583	1,444,608	1,317,614
Community Services	-	-	-	-	-
Employee Benefits	3,585,510	3,506,726	3,991,563	3,767,974	4,142,122
Debt Service	1,942,425	1,479,567	1,847,994	2,065,336	2,055,423
Total Expenditures	$ 19,323,516	$ 18,492,858	$ 19,296,320	$ 19,445,946	$ 20,537,658
Other Uses:					
Interfund Transfers	45,303	1,675,558	32,836	2,783,731	101,244
Total Expenditures and Other Uses	19,368,819	20,168,416	19,329,156	22,229,677	20,638,902
Excess (Deficit) Revenues Over Expenditures	335,948	(426,325)	665,234	(1,104,774)	655,336
FUND BALANCE					
Fund Balance - Beginning of Year	6,414,971	6,750,919	6,324,594	6,989,828	5,885,054
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 6,750,919	$ 6,324,594	$ 6,989,828	$ 5,885,054	$ 6,540,390

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2022 Original Budget	2022 Final Budget	2022 Actual	2023 Adopted Budget	2024 Adopted Budget
REVENUES					
Real Property Taxes	$ 10,653,499	$ 10,653,499	$ 9,629,953	$ 10,799,446	$ 11,001,847
Other Tax Items	47,000	47,000	1,041,620	75,000	61,493
Nonproperty Tax Items	-	-	32,355	27,000	31,000
Charges for Services	63,000	63,000	34,015	63,000	32,500
Use of Money & Property	2,700	2,700	15,499	2,700	58,000
Sale of Property and Compensation for Loss	3,000	3,000	299	3,000	1,500
Miscellaneous	231,912	234,212	366,595	319,000	305,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	10,646,926	10,656,926	10,495,140	10,989,102	11,227,731
Revenues from Federal Sources	45,000	45,000	105,859	70,000	80,000
Total Revenues	$ 21,693,037	$ 21,705,337	$ 21,721,335	$ 22,348,248	$ 22,799,071
Other Sources:					
Appropriated Reserves	-	-	-	200,000	-
Interfund Transfers	200,000	200,000	-	-	-
Total Revenues and Other Sources	$ 21,893,037	$ 21,905,337	$ 21,721,335	$ 22,548,248	$ 22,799,071
EXPENDITURES					
General Support	$ 2,570,321	$ 2,807,148	$ 2,563,172	$ 2,698,175	$ 2,820,875
Instruction	10,917,046	11,176,854	10,632,296	11,167,487	11,417,391
Pupil Transportation	1,419,289	1,641,758	1,548,732	1,496,525	1,665,057
Community Services	-	-	-	-	2,397
Employee Benefits	4,798,324	4,448,854	4,256,472	4,779,891	4,969,627
Debt Service	2,188,057	2,188,057	2,065,614	2,206,170	2,519,724
Total Expenditures	$ 21,893,037	$ 22,262,671	$ 21,066,286	$ 22,348,248	$ 23,395,071
Other Uses:					
Interfund Transfers	-	-	-	200,000	200,000
Total Expenditures and Other Uses	21,893,037	22,262,671	21,066,286	22,548,248	23,595,071
Excess (Deficit) Revenues Over Expenditures	-	(357,334)	655,049	-	(796,000)
FUND BALANCE					
Fund Balance - Beginning of Year		357,334	6,540,390	-	796,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 7,195,439	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2023	$ 1,325,000	$ 436,650	$ 1,761,650
2024	690,000	380,300	1,070,300
2025	720,000	349,100	1,069,100
2026	575,000	316,500	891,500
2027	605,000	287,750	892,750
2028	630,000	257,500	887,500
2029	665,000	226,000	891,000
2030	700,000	192,750	892,750
2031	730,000	157,750	887,750
2032	770,000	121,250	891,250
2033	805,000	82,750	887,750
2034	850,000	42,500	892,500
TOTALS	$ 9,065,000	$ 2,850,800	$ 11,915,800

Note: Totals above do not include energy performance contract outstanding.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2012 Refunding of 2005 B Serial Bonds Principal	Interest	Total	2017 Refunding of 2010 Serial Bonds Principal	Interest	Total
2023	$ 670,000	$ 26,800	$ 696,800	$ 160,000	$ 14,850	$ 174,850
2024	-	-	-	165,000	10,050	175,050
2025	-	-	-	170,000	5,100	175,100
TOTALS	$ 670,000	$ 26,800	$ 696,800	$ 495,000	$ 30,000	$ 525,000

Fiscal Year Ending June 30th	2020 2020A DASNY Capital Project Principal	Interest	Total
2023	$ 495,000	$ 395,000	$ 890,000
2024	525,000	370,250	895,250
2025	550,000	344,000	894,000
2026	575,000	316,500	891,500
2027	605,000	287,750	892,750
2028	630,000	257,500	887,500
2029	665,000	226,000	891,000
2030	700,000	192,750	892,750
2031	730,000	157,750	887,750
2032	770,000	121,250	891,250
2033	805,000	82,750	887,750
2034	850,000	42,500	892,500
TOTALS	$ 7,900,000	$ 2,794,000	$ 10,694,000

MATERIAL EVENT NOTICES

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

(k) rating changes

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

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

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

(o) incurrence of a "financial obligation" 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 School District, any of which affect security holders, if material; and

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

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

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

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 Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

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

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

TULLY CENTRAL SCHOOL DISTRICT
ONONDAGA AND CORTLAND COUNTIES, NEW YORK

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2022

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

TULLY CENTRAL SCHOOL DISTRICT

SINGLE AUDIT REPORTING PACKAGE

AS REQUIRED BY THE UNIFORM GUIDANCE AND
2 CFR section 200.512(c)

June 30, 2022

TULLY CENTRAL SCHOOL DISTRICT

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TULLY CENTRAL SCHOOL DISTRICT

Table of Contents

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CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Education
Tully Central School District
Tully, 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 Tully Central School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 Tully Central School District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for Financial Statements

Tully Central School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Tully Central School District's ability to

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of changes in the district's total other postemployment benefit liability and related ratios, schedule of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual – general fund, schedule of district contributions and schedule of district's proportionate share of net pension asset (liability) on pages 4-12 and 51-54, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tully Central School District's basic primary government financial statements. The schedule of change from adopted to final budget and the real property tax limit – general fund, the schedule of project expenditures – capital projects fund, net investment in capital assets, and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on pages 55-57 and page 63, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of change from adopted to final budget and the real property tax limit, the schedule of project expenditures and financing resources – capital projects fund, net investment in capital assets, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Grossman St Amour CPAs

Syracuse, New York
October 12, 2022

The following is a discussion and analysis of the Tully Central School District's (the District) financial performance for the fiscal year ended June 30, 2022. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-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 District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net position increased by $3,145,157 because of this year's operations. The majority of this increase is related to fluctuations in assumptions and rates used to calculate other post-employment benefit and pension liabilities.

Overview of the Financial Statements

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

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

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

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

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

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide	Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	• Statement of net position • Statement of activities • Reconciliation of governmental funds revenues, expenditures and changes in fund balances to the Statement of activities • Reconciliation of governmental funds balance sheet to the Statement of net position.	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
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

District-Wide Statements

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

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets, deferred outflow of resources, liabilities and deferred inflows of resources – is one way to measure the District's financial health or *position*.

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

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

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants. Generally, the District is required by New York State General Municipal Law (para. 36) to follow the system of accounts formulated and prescribed by the New York State Comptroller.

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

The District's combined net position increased by $2,918,310 from a year ago – increasing from $226,847 to $3,145,157 primarily as a result of additional COVID-19 relief funding received from the federal government and fluctuation in assumptions used to calculate other post-employment benefits and pension liabilities.

Table 1
Condensed Statement of Net Position

	District-Wide		
	2022	2021	Percent Change
Current and other assets	$ 11,890,013	$ 9,131,770	30.20%
Capital assets	34,266,997	32,857,688	4.29%
Net pension asset	7,903,545	-	100.00%
Total assets	54,060,555	41,989,458	28.75%
Deferred outflow of resources	9,558,862	9,661,696	-1.06%
Total assets and deferred outflows of resources	$ 63,619,417	$ 51,651,154	23.17%
Current liabilities	$ 8,659,272	$ 1,472,564	488.04%
Noncurrent liabilities	37,478,066	38,734,254	-3.24%
Net pension liability	-	1,133,756	-100.00%
Total liabilities	46,137,338	41,340,574	11.60%
Deferred inflows of resources	16,057,781	12,082,552	32.90%
Net position:			
Net investment in capital assets	18,382,937	18,703,661	-1.71%
Restricted	6,362,282	5,435,021	17.06%
Unrestricted net deficit	(23,320,921)	(25,859,541)	-9.82%
Total net position (deficit)	$ 1,424,298	$ (1,720,859)	-182.77%

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

Table 2
Changes in Net Position from Operating Results

	District-Wide		
	2022	2021	Percent Change
REVENUES			
Program revenues:			
Charges for services	$ 102,639	$ 156,452	-34.40%
Operating grants and contributions	1,695,000	826,529	105.07%
General revenues:			
Property taxes and other tax items	10,671,573	10,504,862	1.59%
State sources	10,555,016	10,014,373	5.40%
Medicaid reimbursement	105,859	233,841	-54.73%
Other general revenues	500,389	535,644	-6.58%
Total revenues	23,630,476	22,271,701	6.10%
PROGRAM EXPENSES			
General support	3,530,131	3,488,539	1.19%
Instruction	14,087,529	15,553,237	-9.42%
Transportation	1,949,031	1,673,530	16.46%
Debt service	386,638	896,881	-56.89%
School lunch program	531,990	432,667	22.96%
Total expenses	20,485,319	22,044,854	-7.07%
Increase in net position	$ 3,145,157	$ 226,847	1286.47%

The District's total revenues increased by $1,358,775 and the total cost of all programs and services decreased by $(1,559,535). Some of the variances causing these fluctuations are described below:

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (continued)

The District did see an overall increase in revenue, which is primarily attributed to an increase in property tax revenues, CARES and ARP Act funding.

Instruction related expenses decreased due to governmental increased grant funding opportunities. Transportation cost increased as the district resumed its pre COVID-19 services. General support expenses increased primarily due to an increase contractual related expenses, facilities improvements (gym resurfacing), and fluctuations of assumptions used to calculate other post-employment benefit costs.

Table 3 presents the cost of each of the District's largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Governmental Activities

	Total cost of services		Net cost of services	
	2022	2021	2022	2021
General support	$ 3,530,131	$ 3,494,673	$ 3,530,131	$ 3,494,673
Instruction	14,087,529	15,593,616	12,972,316	15,067,686
Pupil transportation	1,949,031	1,678,130	1,949,031	1,678,130
Debt service - interest	386,638	896,881	386,638	896,881
School lunch program	531,990	432,667	(150,436)	(24,384)
Total	$ 20,485,319	$ 22,095,967	$ 18,687,680	$ 21,112,986

Financial Analysis of the School District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The purpose of the District's governmental funds is to account for and provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities and postemployment obligations that are not recognized in the governmental funds. Fund balances for capital projects are restricted by New York State law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

Financial Analysis of the School District's Funds (continued)

General Fund Budgetary Highlights

The budgetary comparison information on page 55 presents both adopted and final modified budget totals compared with actual results for the General Fund for the year ended June 30, 2022. The significant variances between the adopted and the final budget for 2022 were as follows:

Adopted budget	$ 21,893,037
Budget adjustments	369,634
Final budget	$ 22,262,671

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the District had $34,266,997 invested in a broad range of capital assets, including equipment and buildings (see Table 4 below). This amount represents a net increase (including additions, deductions and accumulated depreciation) of approximately $1,409,300 over last year. This increase is the result of the $1,921,600 increase in construction in progress related to the ongoing capital project. Any deductions are a result of annual depreciation or equipment disposals.

Table 4
Capital Assets at Year End (Net of Depreciation)

	Capital Assets		
	2022	2021	Percent Change
Land	$ 900	$ 900	0.00%
Land improvements	1,548,088	1,548,088	0.00%
Buildings	43,745,799	43,312,508	1.00%
Vehicles	753,257	753,257	0.00%
Furniture and equipment	2,599,852	2,566,444	1.30%
Construction in progress	2,101,081	179,472	1070.70%
Less: accumulated depreciation	(16,481,980)	(15,502,981)	6.31%
Total	$ 34,266,997	$ 32,857,688	4.29%

Capital Assets and Debt Administration (continued)

Long-Term Debt

At year end, the District had approximately $12.5 million in bonds, notes, and other debt outstanding compared to approximately $14.2 million last year, a decrease of 11.80% as shown in Table 5.

Table 5
Outstanding Long-term Debt, at Year End

	District-Wide		
	2022	2021	Percent Change
General obligation bonds	$ 10,614,160	$ 12,049,127	-11.91%
Capital lease obligation	1,869,900	2,104,900	-11.16%
Total outstanding debt	$ 12,484,060	$ 14,154,027	-11.80%

The state limits the amount of general obligation debt that Districts can issue to 10% of the assessed value of all taxable property within the District's geographic limits. The District's outstanding general obligation debt of $12.5 million is significantly below the 10% state-imposed debt limit.

More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.

Factors bearing on the District's Future

- The District's OPEB (other postemployment benefits) liability actuarially calculated for the current year resulted in a net increase of approximately $1.6 million in the District's total liability of $27.5 million. The main factor contributing to the increase were the changes in the actuarial assumptions and other inputs used in the calculation.
- Employer contributions for Teachers' Retirement System and Employees' Retirement System have continued to increase over the last year and may continue to rise in the future.
- Since the District successfully entered the Central New York Health Insurance Cooperative, the cost of health insurance benefits has stabilized but continues to rise on an annual basis of 5% - 7% annually.
- The Property Tax Cap went into effect in 2012-13 and under this law, the total amount to be raised through property taxes charged on the District's taxable assessed value of property is capped at two percent (not including exclusions) or the rate of inflation, whichever is less, with some exceptions.
- Given that State mandated pension costs and health insurance costs are rising at a higher than two percent rate, the District anticipates related budget constraints for the foreseeable future, unless significant mandate relief is provided by New York State.
- At June 30, 2022 the School District has an ongoing capital project. The total voter and Board of Education authorizations for this project is $10.7 million. The School District has entered into various construction contracts for the project amount. Phase 1 of the project is completed and Phase 2 of the project is expected to be completed before winter of 2023.

Contacting the 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. If you have questions about this report or need additional financial information, contact the School District Business Office at 20 State Street, Tully, New York, 13159-0628.

TULLY CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

ASSETS	
Cash	
Unrestricted	$ 4,571,355
Restricted	6,126,607
Receivables	
State and federal aid	1,133,550
Other	54,027
Inventories	4,474
Capital assets, net	34,266,997
Net pension asset - proportionate share	7,903,545
Total assets	54,060,555
DEFERRED OUTFLOWS OF RESOURCES	
Other postemployment benefits	4,355,136
Pensions	5,203,726
Total deferred outflows of resources	9,558,862
Total assets and deferred outflows of resources	$ 63,619,417
LIABILITIES	
Accounts payable	$ 896,616
Accrued liabilities	561,187
Deferred revenue	40,324
Due to other governments	223
Due to teachers' retirement system	809,649
Due to employees' retirement system	45,629
Notes payable	
Bond anticipation	3,400,000
Long-term liabilities	
Due and payable within one year	
Bonds payable	1,489,969
Capital lease obligation	240,000
Other postemployment benefits payable	1,175,675
Due and payable after one year	
Bonds payable	9,124,191
Capital lease obligation	1,629,900
Other postemployment benefits payable	26,311,133
Compensated absences payable	412,842
Total liabilities	46,137,338
DEFERRED INFLOWS OF RESOURCES	
Pensions	10,058,042
Other postemployment benefits	5,999,739
Total deferred inflow of resources	16,057,781
NET POSITION	
Net investment in capital assets	18,382,937
Restricted	6,362,282
Unrestricted deficit	(23,320,921)
Total net position	1,424,298
Total liabilities, deferred inflows of resources and net position	$ 63,619,417

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2022

	Expenses	Indirect Expenses Allocation	Program Revenues Charges for Services	Program Revenues Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	$ (2,997,142)	$ (532,989)	$ -	$ -	$ (3,530,131)
Instruction	(10,578,682)	(3,508,847)	34,015	1,081,198	(12,972,316)
Pupil transportation	(1,549,289)	(399,742)	-	-	(1,949,031)
Employee benefits	(4,441,578)	4,441,578	-	-	-
Debt service - interest	(386,638)	-	-	-	(386,638)
School lunch program	(531,990)	-	68,624	613,802	150,436
Total functions and programs	$ (20,485,319)	$ -	$ 102,639	$ 1,695,000	(18,687,680)
GENERAL REVENUES					
Real property taxes					9,629,953
Other real property tax items					1,041,620
Non-property tax items					32,355
Use of money and property					15,587
Sale of property and compensation for loss					299
State sources					10,555,016
Medicaid reimbursement					105,859
Miscellaneous					452,148
Total general revenues					21,832,837
Change in net position					3,145,157
Total net deficit - beginning of year					(1,720,859)
Total net position - end of year					$ 1,424,298

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2022

	Major Funds			Non-Major Funds			
	General	Special Aid	Capital Projects Fund	School Lunch Fund	Debt Service Fund	Special Revenue Funds	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	$ 949,456	$ 90,774	$ 3,413,372	$ 11,887	$ -	$ 105,866	$ 4,571,355
Restricted	6,067,027	-	-	-	18,695	40,885	6,126,607
Receivables							
State and federal aid	549,440	437,681	-	146,429	-	-	1,133,550
Due from other funds	3,151,081	1,199,335	810,504	115,166	118,495	-	5,394,581
Other	42,713	-	-	-	-	11,314	54,027
Inventories	-	-	-	4,474	-	-	4,474
Total assets	$ 10,759,717	$ 1,727,790	$ 4,223,876	$ 277,956	$ 137,190	$ 158,065	$ 17,284,594
LIABILITIES							
Accounts payable	$ 80,963	$ -	$ 775,668	$ 39,985	$ -	$ -	$ 896,616
Accrued liabilities	498,834	-	-	1,290	-	-	500,124
Unearned revenue	-	40,324	-	-	-	-	40,324
Due to other funds	2,129,203	1,687,466	1,574,688	3,224	-	-	5,394,581
Due to other governments	-	-	-	223	-	-	223
Due to teachers' retirement system	809,649	-	-	-	-	-	809,649
Due to employees' retirement system	45,629	-	-	-	-	-	45,629
Notes payable							
Bond anticipation	-	-	3,400,000	-	-	-	3,400,000
Total liabilities	$ 3,564,278	$ 1,727,790	$ 5,750,356	$ 44,722	$ -	$ -	$ 11,087,146
FUND BALANCES							
Nonspendable:							
Reserved for inventory	-	-	-	4,474	-	-	4,474
Restricted for:							
Reserved for tax certiorari	15,753	-	-	-	-	-	15,753
Reserved for workers' compensation	137,656	-	-	-	-	-	137,656
Reserved for unemployment insurance	982,684	-	-	-	-	-	982,684
Reserved for employee retirement	1,194,946	-	-	-	-	-	1,194,946
Reserved for teachers' retirement	404,063	-	-	-	-	-	404,063
Reserved for capital expenditures	882,740	-	-	-	-	-	882,740
Reserved for repairs	852,421	-	-	-	-	-	852,421
Reserved for employee benefits	1,596,764	-	-	-	-	-	1,596,764
Reserved for payment of debt	-	-	-	-	137,190	-	137,190
Restricted for scholarships	-	-	-	-	-	40,885	40,885
Committed to:							
Committed fund balance	-	-	-	-	-	117,180	117,180
Assigned to:							
Assigned appropriated fund balance	150,000	-	(1,526,480)	-	-	-	(1,376,480)
Assigned unappropriated fund balance	76,483	-	-	228,760	-	-	305,243
Unassigned:							
Unassigned fund balance	901,929	-	-	-	-	-	901,929
Total fund balances (deficit)	7,195,439	-	(1,526,480)	233,234	137,190	158,065	6,197,448
Total liabilities and fund balances	$ 10,759,717	$ 1,727,790	$ 4,223,876	$ 277,956	$ 137,190	$ 158,065	$ 17,284,594

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2022

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	$ 4,571,355	$ -	$ -	$ 4,571,355
Restricted	6,126,607	-	-	6,126,607
Receivables				
State and federal aid	1,133,550	-	-	1,133,550
Due from other funds	5,394,581	-	(5,394,581)	-
Other	54,027	-	-	54,027
Inventories	4,474	-	-	4,474
Capital assets, net	-	34,266,997	-	34,266,997
Net pension asset - proportionate share	-	7,903,545	-	7,903,545
Total assets	17,284,594	42,170,542	(5,394,581)	54,060,555
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	-	4,355,136	-	4,355,136
Pensions	-	5,203,726	-	5,203,726
Total deferred outflows of resources	-	9,558,862	-	9,558,862
Total assets and deferred outflows of resources	$ 17,284,594	$ 51,729,404	$ (5,394,581)	$ 63,619,417
LIABILITIES				
Payables				
Accounts payable	$ 896,616	$ -	$ -	$ 896,616
Accrued liabilities	500,124	61,063	-	561,187
Unearned revenue	40,324	-	-	40,324
Due to other funds	5,394,581	-	(5,394,581)	-
Due to other governments	223	-	-	223
Due to employees' retirement system	45,629	-	-	45,629
Due to teachers' retirement system	809,649	-	-	809,649
Notes payable				
Bond anticipation	3,400,000	-	-	3,400,000
Long-term debt-due within one year				
Bonds payable	-	1,489,969	-	1,489,969
Capital lease obligation	-	240,000	-	240,000
Other postemployment benefits payable	-	1,175,675	-	1,175,675
Long-term debt-due in more than one year				
Bonds payable	-	9,124,191	-	9,124,191
Capital lease obligation	-	1,629,900	-	1,629,900
Other postemployment benefits payable	-	26,311,133	-	26,311,133
Compensated absences	-	412,842	-	412,842
Total liabilities	11,087,146	40,444,773	(5,394,581)	46,137,338
DEFERRED INFLOW OF RESOURCES				
Pensions	-	10,058,042	-	10,058,042
Other postemployment benefits	-	5,999,739	-	5,999,739
Deferred amount on bond premiums	-	-	-	-
Deferred amount on refunding of bonds	-	-	-	-
Total deferred inflows of resources	-	16,057,781	-	16,057,781
FUND BALANCE/NET POSITION				
Total fund balance/net position (deficit)	6,197,448	(4,773,150)	-	1,424,298
Total liabilities and fund balance/net position	$ 17,284,594	$ 51,729,404	$ (5,394,581)	$ 63,619,417

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2022

	Major Funds			Non-Major Funds			
	General	Special Aid	Capital Projects Fund	School Lunch Fund	Debt Service Fund	Special Revenue Funds	Total Governmental Funds
REVENUES							
Real property taxes	$ 9,629,953	$ -	$ -	$ -	$ -	$ -	$ 9,629,953
Other real property tax items	1,041,620	-	-	-	-	-	1,041,620
Non-property tax items	32,355	-	-	-	-	-	32,355
Charges for services	34,015	-	-	-	-	-	34,015
Use of money and property	15,499	-	-	16	72	-	15,587
Sale of property and compensation for loss	299	-	-	-	-	-	299
State sources	10,495,140	59,876	-	45,162	-	-	10,600,178
Sales - School Lunch	-	-	-	68,624	-	-	68,624
Miscellaneous	366,595	-	-	-	-	98,695	465,290
Federal sources	105,859	1,081,198	-	568,640	-	-	1,755,697
Total revenues	21,721,335	1,141,074	-	682,442	72	98,695	23,643,618
EXPENDITURES							
General support	2,555,082	80,385	-	171,626	-	81,198	2,888,291
Instruction	10,598,726	870,459	-	-	-	-	11,469,185
Pupil transportation	1,543,842		-	-	-	-	1,543,842
School lunch program	-	-	-	347,505	-	-	347,505
Employee benefits	4,256,472	190,230	-	12,859	-	-	4,459,561
Debt service							
Principal	1,505,000	-	-	-	-	-	1,505,000
Interest	560,614	-	-	-	-	-	560,614
Capital outlay	46,550	-	2,354,900	-	-	-	2,401,450
Total expenditures	21,066,286	1,141,074	2,354,900	531,990	-	81,198	25,175,448
Excess (deficiency) of revenues over expenditures	655,049	-	(2,354,900)	150,452	72	17,497	(1,531,830)
Fund balance - beginning of year	6,540,390	-	828,420	82,782	137,118	140,568	7,729,278
Fund balance - end of year	$ 7,195,439	$ -	$ (1,526,480)	$ 233,234	$ 137,190	$ 158,065	$ 6,197,448

See notes to basic financial statements

TULLY CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

For the Year Ended June 30, 2022

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	$ 9,629,953	$ -	$ -	$ -	$ 9,629,953
Other real property tax items	1,041,620	-	-	-	1,041,620
Non-property tax items	32,355	-	-	-	32,355
Charges for services	34,015	-	-	-	34,015
Use of money and property	15,587	-	-	-	15,587
Sale of property and compensation for loss	299	-	-	-	299
State sources	10,600,178	-	-	-	10,600,178
Federal sources	1,755,697	-	-	-	1,755,697
Sales - school lunch	68,624	-	-	-	68,624
Miscellaneous	465,290	-	(13,142)	-	452,148
Total revenues	23,643,618	-	(13,142)	-	23,630,476
EXPENDITURES/EXPENSES					
General support	2,888,291	(19,391)	515,050	(215,182)	3,168,768
Instruction	11,469,185	(127,660)	443,958	(1,206,801)	10,578,682
Pupil transportation	1,543,842	(14,544)	19,991	-	1,549,289
School lunch program	347,505	-	-	-	347,505
Employee benefits	4,459,561	(5,124)	-	-	4,454,437
Debt service	2,065,614	-	-	(1,678,976)	386,638
Capital outlay	2,401,450	-	(2,401,450)	-	-
Total expenditures/expenses	25,175,448	(166,719)	(1,422,451)	(3,100,959)	20,485,319
Excess (deficiency) of revenues over expenditures/expenses	(1,531,830)	166,719	1,409,309	3,100,959	3,145,157
Net change for the year	$ (1,531,830)	$ 166,719	$ 1,409,309	$ 3,100,959	$ 3,145,157

See notes to basic financial statements

Note 1 – Summary of certain significant accounting policies

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

A) Reporting entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of nine (9) members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

i) Extraclassroom Activity Funds

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

Note 1 - Summary of certain significant accounting policies (continued)

B) Joint venture:

The District is a component district in Onondaga-Cortland-Madison Board of Cooperative Education Services (OCMBOCES). There are 23 participating school districts, including Tully Central School District, in OCMBOCES. The participation in OCMBOCES is accounted for as a joint venture by the District since it has both an ongoing financial interest and an ongoing financial responsibility to OCMBOCES. The District has an ongoing financial interest since OCMBOCES pays surpluses to the component districts on an annual basis, although the District has no equity interest in OCMBOCES. The District does not control the financial or operating policies of OCMBOCES; however, it has an ongoing financial responsibility since the continued existence of OCMBOCES depends on continued funding from the participating school districts.

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

During the year, the District was billed $3,255,972 for OCMBOCES administrative and program costs. The District's share of OCMBOCES aid amounted to $984,940. Financial statements for the BOCES are available from the BOCES administrative office. As of June 30, 2021 (the most recent available audited financial statements), OCMBOCES has a total net position (deficit) of $(189,459,762).

The District contracts with OCMBOCES whereby the contracts conveys control of the right to use the underlying assets in the contracts for a period of time in an exchange like transaction. These contracts at inception, have terms ranging from 4 to 5 years and are for technology and other equipment. These contracts are not significant to these financial statements and are recognized as an outflow of resources in accordance with the terms and conditions on the contracts.

Note 1 - Summary of certain significant accounting policies (continued)

C) Basis of presentation:

i) District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. 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 Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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.

ii) Fund financial statements:

The fund statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District reports the following major governmental funds:

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 Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

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

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

Note 1 - Summary of Certain Significant Accounting Policies (continued)

The District reports the following non-major funds:

School Lunch Fund: Use to account for child nutrition activities whose funds are restricted as to use.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. Special revenue funds include the following:

Extraclassroom Activities Fund: Used to account for funds of the students of the District that are committed for use by student organizations.

Expendable Trust Fund: Used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students, which is restricted for such use.

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Note 1 - Summary of certain significant accounting policies (continued)

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, 2021. Taxes were collected during the period September 1, 2021 to October 31, 2021.

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

F) Restricted resources:

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

G) Interfund transactions:

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

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

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

Refer to Note 5 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Note 1 - Summary of Certain Significant Accounting Policies (continued)

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, post-employment benefit obligations, pension asset and liabilities, potential contingent liabilities and useful lives of long-lived assets.

I) Cash (and cash equivalents)/Investments:

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

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (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 New York State and its municipalities and districts. Investments are stated at fair value.

J) Accounts receivable:

Accounts receivable are shown net of an allowance for uncollectible accounts, when applicable. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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 reserve 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.

Note 1 - Summary of Certain Significant Accounting Policies (continued)

L) Other assets:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants. In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

M) 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 assets, which are reported at their estimated fair market value at the time received. Land and construction in progress are not depreciated.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$50,000	Straight-line	50 Years
Building Improvements	$50,000	Straight-line	20-50 Years
Site Improvements	$25,000	Straight line	20 Years
Furniture and Equipment	$2,500	Straight-line	5-15 Years

N) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category.

Note 1 - Summary of certain significant accounting policies (continued)

First arises only under a modified accrual basis of accounting and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of net changes of assumptions or other inputs.

O) Deferred revenue:

The District reports deferred 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.

P) Vested employee benefits:

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. In the fund statements only, the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. The amounts are expensed on a pay-as-you go basis.

Q) Other Benefits:

Eligible 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 insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Note 1 - Summary of certain significant accounting policies (continued)

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

R) Short-term debt:

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

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

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. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs 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.

Note 1 - Summary of certain significant accounting policies (continued)

T) Equity classifications:

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

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

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

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

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

Non-spendable 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. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of $4,474.

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

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

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

Note 1 - Summary of certain significant accounting policies (continued)

Retirement Contributions Reserve Funds

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

Unemployment Insurance Payment Reserve Fund

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

Capital Reserve Fund

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

Tax Certiorari Reserve Fund

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that 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 proceedings 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. This reserve is accounted for in the General Fund.

Note 1 - Summary of certain significant accounting policies (continued)

Workers' Compensation Reserve Fund
According to GML §6-j, fund 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 excess applied to the appropriations of the next succeeding fiscal years' budget. This reserve is accounted for in the General Fund.

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

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

Restricted fund balance includes the following:

Description		
General fund		
Capital expenditures reserve	$	882,740
Workers' compensation reserve		137,656
Unemployment insurance reserve		982,684
Reserve for employee benefit accrual liability		1,596,764
Reserve for retirement contributions		1,194,946
Reserve for teachers' retirement contributions		404,063
Reserve for repairs		852,421
Reserve for tax certiorari		15,753
Special revenue fund		
Restricted for scholarships		40,885
Debt service fund		
Reserve for repayments of debt service		137,190
	$	6,245,102

Note 1 - Summary of certain significant accounting policies (continued)

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the districts highest level of decision making authority, i.e., the Board of Education. The District has committed fund balance of $117,180 in the Extraclassroom Activities Fund as of June 30, 2022.

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes amounts appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. Appropriated fund balance and encumbrances reported in the General Fund amounted to $150,000 and $76,483, respectively. The School Lunch Fund and Capital Project Fund also reports assigned fund balance of $228,760 and ($1,526,480), respectively. As of June 30, 2022, the District's General Fund encumbrances were classified as follows:

General support	$ 48,874
Instruction	14,609
Pupil transportation	13,000
	$ 76,483

Unassigned – includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or a 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.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are also excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Net Position/Fund Balance

Net position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted sources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Note 1 - Summary of certain significant accounting policies (continued)

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against non-spendable 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, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determine next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

T) New accounting standards

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

- GASB Statement No. 87: Leases Effective for the year ending June 30, 2022
- GASB Statement No. 89: Accounting for Interest Cost Incurred Before the End of a Construction Period Effective for the year ending June 30, 2022
- GASB Statement No. 92, Omnibus 2020, effective for the year ending June 30, 2022.
- GASB Statement No. 93, Replacement of Interbank Offered Rates, effective for the year ending June 30, 2021 (paragraphs 11b, 13, and 14 are effective for the year ending June 30, 2022).
- GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, effective for the year ending June 30, 2022 (the requirements in paragraph 4, as they apply to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans, and paragraph 5 were effective as of June 2020).

U) Future changes in accounting standards include the following:

- GASB has issued Statement No. 91, Conduit Debt Obligations, effective for the year ending June 30, 2023.
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ending June 30, 2023.
- GASB Statement No. 96 - Subscription-Based Information Technology Arrangements, effective for the year ending June 30, 2023.

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

Note 2 - Explanation of certain differences between fund statements and District-wide statements

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

A) Total fund balances of Governmental Funds versus Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other postemployment benefits. The reconciliation is performed on Page 16.

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

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. This reconciliation is performed on page 18.

i) Long-term revenue differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

Note 2 - Explanation of certain differences between fund statements and District-wide statements (continued)

iv) Pension differences:

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

v) OPEB differences:

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

Note 3 – Stewardship, compliance and accountability

The District administration prepares a proposed budget for approval by the Board of Education which in turn is either approved or disapproved by eligible voters in the District. The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred.

Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations are authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2022.

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

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. The Capital Projects Fund had a deficit fund balance of $1,526,480. This will be funded when the District obtains permanent financing for its current construction project.

Note 4 – Cash and cash equivalents

Total financial institution bank balances at year-end, per the bank, were $10,769,402. These deposits are insured or collateralized with securities held by the financial institution in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $6,126,607 within the governmental funds.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2022 all deposits were fully insured and collateralized by the District's agent in the District's name.

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

Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

Note 5 – Interfund balances

	Interfund Receivable	Interfund Payable
General Fund	$ 3,151,081	$ 2,129,203
Special Aid Fund	1,199,335	1,687,466
School Lunch Fund	115,166	3,224
Debt Service Fund	118,495	-
Capital Projects Fund	810,504	1,574,688
Total government activities	$ 5,394,581	$ 5,394,581

The District typically transfers from the General Fund to the Capital Fund to help fund capital renovations and additions. The district also transfers from the General Fund to the Special Aid fund the local portion of the Special Education Summer School Program. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All Interfund payables are expected to be repaid within one year.

Note 6 - Capital assets

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

Governmental activities:	Beginning Balance	Additions	Deletions/ Reclassifications	Ending Balance
Capital assets that are not depreciated:				
Land	$ 900	$ -	$ -	$ 900
Construction in progress	179,472	2,354,900	(433,291)	2,101,081
Total nondepreciable	180,372	2,354,900	(433,291)	2,101,981
Capital assets that are depreciated:				
Land improvements	1,548,088	-	-	1,548,088
Buildings	43,312,508	433,291	-	43,745,799
Vehicles	753,257	-	-	753,257
Furniture and equipment	2,566,444	46,550	(13,142)	2,599,852
Total depreciable assets	48,180,297	479,841	(13,142)	48,646,996
Less accumulated depreciation:				
Land improvements	(1,539,976)	(8,112)	-	(1,548,088)
Buildings	(11,682,164)	(794,662)	-	(12,476,826)
Vehicles	(596,676)	(26,926)	-	(623,602)
Furniture and equipment	(1,684,165)	(149,299)	-	(1,833,464)
Total accumulated depreciation	(15,502,981)	(978,999)	-	(16,481,980)
Total capital assets, net	$ 32,857,688	$ 1,855,742	$ (446,433)	$ 34,266,997

Depreciation expense was charged to governmental functions as follows:	
General support	$ 515,050
Instruction	443,958
Pupil transportation	19,991
	$ 978,999

Note 7 – Short-Term Debt

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	6/28/2022	2.75%	$ -	135,000	135,000	$ -
BAN	6/23/2023	4.00%	$ -	3,400,000	-	$ 3,400,000

Interest paid on short-term debt for the year was $763. The BANs are a general obligation of the District. The purpose of the BANs were to provide financing for the capital project.

Note 8 - Long-term obligations

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

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

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

	Balance at June 30, 2021	Issued	Redeemed	Balance at June 30, 2022	One Year
Governmental activities					
Bonds payable	$ 12,049,127	$ -	$ 1,434,967	$ 10,614,160	$ 1,489,969
Long term capital lease obligatior	2,104,900	-	235,000	1,869,900	240,000
Other obligations					
Other postemployment benefits payable	25,876,388	2,099,241	488,821	27,486,808	1,175,675
Net pension liability	1,133,756	-	1,133,756	-	-
Compensated absences	417,966	-	5,124	412,842	-
Total long-term obligations	$ 41,582,137	$ 2,099,241	$ 3,297,668	$ 40,383,710	$ 2,905,644

Note 8 - Long-term obligations (continued)

Interest paid and expensed on long-term obligations for the year approximated $560,000. The General Fund has typically been used to liquidate long-term liabilities such as compensated absences. The following is a schedule of bonds outstanding at June 30, 2022:

Payable from/ Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Serial Bonds	6/15/2020	$ 8,700,000	6/15/2034	5.00%	$ 7,900,000
Serial Bonds	6/15/2012	$ 5,450,000	6/15/2023	1.00-2.00%	670,000
Serial Bonds- Premium	6/15/2012	$ 430,454	6/15/2023	NA	39,134
Serial Bonds	5/1/2017	$ 1,245,000	5/1/2025	1.00-3.00%	495,000
Serial Bonds- Premium	5/1/2017	$ 1,761,696	5/1/2025	NA	1,510,026
					$ 10,614,160

During 2020, the District issued serial bonds of $8,700,000. This issuance resulted in a premium in the amount of $1,761,696 to be amortized over the period through 2034. At June 30, 2022, $1,510,026 remains to be amortized. During 2012, the District issued serial bonds of $5,450,000. This issuance resulted in a premium in the amount of $430,454 to be amortized over the period through 2023. At June 30, 2022, $39,134 remains to be amortized.

The District entered into a capital lease for improvements to implement energy cost-saving techniques. The lease is for a 15 year period of time and requires annual principal and interest payments of approximately $304,000, beginning on November 1, 2014. The net book value of assets recorded under this capital lease approximated $3,098,000 as of June 30, 2022. At June 30, 2022, $1,869,900 of the capital lease obligation remains to be paid. The following is a schedule of capital lease obligations outstanding at June 30, 2022:

Payable from/ Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Capital lease obligation	6/1/2013	$ 3,520,891	11/1/2028	3.29%	$ 1,869,900

The following is a summary of the maturity of long-term indebtedness:

	Principal	Interest	Total
Fiscal year ended June 30,			
2023	$ 1,729,969	$ 498,170	$ 2,228,139
2024	1,065,835	433,924	1,499,759
2025	1,100,835	394,499	1,495,334
2026	965,835	353,509	1,319,344
2027	1,005,835	316,041	1,321,876
2028-2032	4,709,075	984,360	5,693,435
2033-2037	1,906,676	4,486,572	6,393,248
Totals	$ 12,484,060	$ 7,467,075	$ 19,951,135

Note 9 – Pension obligations

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). 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.

Plan Descriptions and Benefits Provided

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

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

Note 9 – Pension obligations (continued)

Funding policies:

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

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.

Contributions for the current year and two preceding years based on covered payroll were as follows:

	NYSTRS	NYSERS
2021-2022	$ 854,137	$ 192,918
2020-2021	672,985	241,811
2019-2020	614,798	194,480

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

Pension Liabilities, Pension Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

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

	ERS	TRS
Actuarial valuation date	4/1/2021	6/30/2020
Net pension asset/ (liability)	$ 504,245	$ 7,399,300
District's portion of the Plan's total net pension asset/ (liability)	0.0061685%	0.042699%

Note 9 – Pension obligations (continued)

For the year ended June 30, 2022, the District's recognized pension expense of $434,596 for TRS and $25,867 for ERS. At June 30, 2022, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflow of resources		Deferred inflow of resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 38,187	$1,019,915	$ 49,531	$ 38,443
Changes of assumption	841,529	2,433,784	14,200	430,987
Net difference between projected and actual earnings on pension plan investments	-	-	1,651,192	7,744,133
Changes in proportion and differences between the District's contributions and proportionate share of contributions	74,674	41,501	42,638	86,918
District's contribution subsequent to the measurement date	-	754,136	-	-
Total	$954,390	$4,249,336	$1,757,561	$8,300,481

District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2023	$ (120,476)	$ (211,421)
2024	(177,465)	(1,130,847)
2025	(422,197)	(1,419,395)
2026	(83,033)	(1,874,277)
2027	-	345,636
Thereafter	-	239,160
	$ (803,171)	$ (4,051,144)

Note 9 – Pension obligations (continued)

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:

	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.90%	6.95%
Salary increases	4.4% - 6.2%	1.95% - 5.18%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.50%	2.40%

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale AA. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. The long term expected 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.

Note 9 – Pension obligations (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	ERS		TRS	
	Target Allocation	Long-term expected Real rate of return	Target Allocation	Long-term expected Real rate of return
	2022	2022	2021	2021
Asset type				
Domestic equity	32%	3.30%	33%	6.80%
International equity	15%	5.85%	16%	7.60%
Real estate	9%	5.00%	11%	6.50%
Private equities	10%	6.50%	8%	10.00%
Domestic fixed income securities	0%	0.00%	16%	1.30%
Global fixed income securities	0%	0.00%	2%	0.80%
Credit	4%	3.78%	0%	0.00%
High-yield fixed income securities	23%	0.00%	1%	3.80%
Private debt	0%	0.00%	1%	5.90%
Real estate debt	0%	0.00%	7%	3.30%
Opportunistic portfolio	3%	4.10%	0%	0.00%
Cash	1%	-1.00%	1%	-0.20%
Global equities	0%	0.00%	4%	7.10%
Real assets	3%	5.80%	0%	0.00%
	100%	5.90%	100%	6.95%

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.4% for TRS.

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

Note 9 – Pension obligations (continued)

Discount Rate

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

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2022 calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	$ (1,297,922)	$ 504,245	$ 2,011,672

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	$ 776,449	$ 7,399,300	$ 12,965,325

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Note 9 – Pension obligations (continued)

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2022 is $(992,980,782) for TRS and $369,723,000 for ERS.

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, 2022represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to $45,629.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to $809,649.

Note 10 – Postemployment benefit obligations payable

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

Funding Policy - The obligation of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2022, approximately $593,459 was paid on behalf of 73 retirees, beneficiaries and spouses of retirees.

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.

Note 10 – Postemployment benefit obligations payable (continued)

Employees Covered by Benefit Terms – At June 30, 2022 the following employees were covered by the benefit terms:

Retirees, spouses, and beneficiaries	73
Active employees	162
	235

The District's total OPEB liability of $27,486,808 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

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

Inflation	2.20%
Salary Increases	3.50%
Discount Rate	2.14%
Healthcare Cost Trend Rates	7.0% to 4.04% over 70 years

The Discount rate was based on the published Bond Buyer Weekly 20-Bond GO Index. Mortality rates were based on RPH-2014 Mortality Table, as appropriate, with adjustments for mortality improvements based on the Scale AA.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

Note 10 – Postemployment benefit obligations payable (continued)

Changes in the District's net OPEB liability were as follows:

Balance at June 30, 2021	$ 25,876,388
Changes for the Year	
Service cost	1,175,675
Interest	592,449
Differences between expected vs. actual experience	-
Effects of assumptions changes or inputs	331,117
Benefit payments	(488,821)
Net Changes	1,610,420
Balance at June 30, 2022	$ 27,486,808

Changes in assumptions and other inputs reflect a change in the discount rate from 2.14% in 2021 to 3.50% in 2022.

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

Change in Discount Rate

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 32,867,516	$ 27,486,808	$ 23,229,001

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

Healthcare

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	$ 22,421,897	$ 27,486,808	$ 34,215,800

Note 10 – Postemployment benefit obligations payable (continued)

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

For the year ended June 30, 2022, the District recognized OPEB expense of $380,751. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (4,263,453)
Effect of assumption changes or inputs	3,761,677	$ (1,736,286)
Employer contributions subsequent to the measurement date	593,459	-
	$ 4,355,136	$ (5,999,739)

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

Year Ended June 30,	Amount
2023	$ (793,914)
2024	(1,134,171)
2025	(244,980)
2026	275,116
2027	217,429
Thereafter	35,917
	$ (1,644,603)

Note 11 – Unrestricted net position

Unrestricted net position in the general fund at June 30, 2022 is comprised of $76,483 reserved for encumbrances and $901,929 in unassigned fund balance.

Note 12 – Risk management

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

Note 12 – Risk management (continued)

The District incurs costs related to an employee health insurance plan (plan). The plan objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the plan must remain a member for a minimum of two years; a member may withdraw from the plan after that time by providing written intent to withdraw on or before May 1st of the commencement of the school year for which the withdrawal is intended to be effective. The Central New York Health Insurance consortium has thirty (30) members with each bearing a pro-rata share of the plan's assets and claims liabilities. Plan members are subject to a pro-rata supplemental assessment in the event of deficiencies.

If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. All plan cash accounts are collateralized by securities held by the financial institution where deposits are made. 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 the claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. The District incurred health insurance premiums totaling approximately $2,524,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

The District incurs costs related to an employee workers' compensation plan. The plan objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the plan must remain a member for a minimum of two years; a member may withdraw from the plan after that time by submitting a thirty days written notice. The Onondaga-Cortland-Madison Workers' Compensation Consortium includes thirty-one (31) members with each bearing a pro-rata share of the plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual 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 the claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. The District incurred workers' compensation premiums totaling approximately $108,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

Note 13 – Donor restricted endowments

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

Note 14 – Commitments and contingent liabilities

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.

New York State Education Law requires that most capital projects require approval by the New York Office of Facilities Planning. New York State provides building aid for certain type of capital projects undertaken by school districts. Building aid is subject to numerous reporting requirements. The failure to adhere to these reporting requirements could lead to the refund of building aid already received and the loss of future aid on these particular capital projects. Building aid represents a significant source of financing for the Districts' financing of such projects and any loss or refund of building aid could have a significant impact on these financial statements.

Several tax certiorari actions are pending against the District for reductions in the assessment value of various properties. Management believes that the likelihood of a reduction is probable. Provisions for losses for those cases are recorded as long-term liabilities. The District plans on funding any settlements from the Tax Certiorari Reserve, and/or future appropriations.

Note 15 – Subsequent events

Management has evaluated subsequent events through October 12, 2022, which is the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in the financial statements.

Tully Central School District
Required Supplementary Information
Schedule of Changes in the District's Total OPEB
Liability and Related Ratios
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Measurement date	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB liability	$ 27,486,808	$ 25,876,388	$ 23,224,204	$ 22,257,445	$ 28,528,709
Service cost	1,175,675	811,514	847,753	957,575	1,242,289
Interest	592,449	831,765	884,107	1,052,485	919,041
Changes in benefit terms	-	-	(187,178)	(1,313,441)	-
Differences between expected and actual experience in the measurement of the total OPEB liability	-	(3,400,223)	-	(4,847,822)	-
Effect of demographic gains or losses	-	-	-	-	-
Changes in assumptions or other inputs	331,117	4,951,116	(57,802)	(1,618,837)	(4,411,031)
Benefit payments	(488,821)	(541,988)	(520,121)	(501,224)	(452,715)
Net change in total OPEB liability	1,610,420	2,652,184	966,759	(6,271,264)	(2,702,416)
Total OPEB liability- beginning	25,876,388	23,224,204	22,257,445	28,528,709	31,231,125
Total OPEB liability- ending	$ 27,486,808	$ 25,876,388	$ 23,224,204	$ 22,257,445	$ 28,528,709
Covered payroll	$ 9,609,317	$ 9,104,003	$ 8,643,021	$ 8,868,618	$ 8,309,720
Total OPEB liability as a percentage of covered payroll	286.04%	284.23%	268.70%	250.97%	343.32%

The District does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual
REVENUES					
Local sources					
Real property taxes	$ 10,653,499	$ 10,653,499	$ 9,629,953	$ -	$ (1,023,546)
Other tax items	47,000	47,000	1,073,975	-	1,026,975
Charges for services	63,000	63,000	34,015	-	(28,985)
Use of money and property	2,700	2,700	15,499	-	12,799
Sale of property and compensation for loss	3,000	3,000	299	-	(2,701)
Miscellaneous	231,912	234,212	366,595	-	132,383
Total local sources	11,001,111	11,003,411	11,120,336	-	116,925
State sources	10,646,926	10,656,926	10,495,140	-	(161,786)
Medicaid	45,000	45,000	105,859	-	60,859
Total revenues	21,693,037	21,705,337	21,721,335	-	15,998
OTHER FINANCING SOURCES					
Interfund transfers	200,000	200,000	-	-	(200,000)
Total revenues and other sources	21,893,037	21,905,337	21,721,335	-	(184,002)
EXPENDITURES					
General support					
Board of education	24,597	27,635	27,209	83	343
Central administration	238,941	261,001	260,501	-	500
Finance	335,140	342,411	328,244	108	14,059
Staff	97,097	137,953	136,919	-	1,034
Central services	1,708,889	1,867,488	1,644,537	48,683	174,268
Special items	165,657	170,660	165,762	-	4,898
Total general support	2,570,321	2,807,148	2,563,172	48,874	195,102
Instruction					
Instruction, administration and improvement	836,445	903,436	859,620	-	43,816
Teaching - regular school	5,024,542	5,045,567	4,795,678	9,984	239,905
Programs for students with disabilities	2,499,998	2,621,948	2,612,907	100	8,941
Occupational education	566,074	587,611	572,631	-	14,980
Instructional media	829,489	869,645	795,248	3,069	71,328
Pupil services	1,160,498	1,148,647	996,212	1,456	150,979
Total instruction	10,917,046	11,176,854	10,632,296	14,609	529,949
Pupil transportation	1,419,289	1,641,758	1,548,732	13,000	80,026
Employee benefits	4,798,324	4,448,854	4,256,472	-	192,382
Debt service	2,188,057	2,188,057	2,065,614	-	122,443
Total expenditures	21,893,037	22,262,671	21,066,286	76,483	1,119,902
Total expenditures and other uses	$ 21,893,037	$ 22,262,671	$ 21,066,286	$ 76,483	$ 1,119,902
Net change in fund balance			655,049		
Fund balance - beginning			6,540,390		
Fund balance - ending			$ 7,195,439		

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

TULLY CENTRAL SCHOOL DISTRICT
Schedule of District Contributions
For the Year Ended June 30, 2022

Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	**$ 192,918**	$ 241,811	$ 194,480	$ 184,913	$ 188,911	$ 194,881	$ 217,416	$ 268,772
Contributions in relation to the contractually required contribution	**192,918**	241,811	194,480	184,913	188,911	194,881	217,416	268,772
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	**$ 1,848,195**	$ 1,699,717	$ 1,617,984	$ 1,593,730	$ 1,427,884	$ 1,390,044	$ 1,257,571	$ 1,314,015
Contributions as a percentage of covered payroll	**10%**	14%	12%	12%	13%	14%	17%	20%

Teachers' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	**$ 854,137**	$ 672,985	$ 614,798	$ 735,257	$ 655,265	$ 768,279	$ 1,114,443	$ 1,072,924
Contributions in relation to the contractually required contribution	**854,137**	672,985	614,798	735,257	655,265	768,279	1,114,443	1,072,924
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	**$ 8,715,684**	$ 7,061,752	$ 7,037,219	$ 7,049,291	$ 6,721,284	$ 6,682,398	$ 6,347,534	$ 6,173,492
Contributions as a percentage of covered payroll	**10%**	10%	9%	10%	10%	11%	18%	17%

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

TULLY CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability)
For the Year Ended June 30, 2022

Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	**0.0061685%**	0.0054103%	0.0052708%	0.0049697%	0.0049921%	0.0052693%	0.0050189%	0.0052298%
District's proportionate share of the net pension (asset) liability	**$ 504,245**	$ 5,387	$ 1,395,732	$ 352,116	$ 161,117	$ 495,112	$ 832,882	$ 176,677
District's covered payroll	**$ 1,848,195**	$ 1,699,717	$ 1,617,984	$ 1,593,730	$ 1,427,884	$ 1,390,044	$ 1,257,571	$ 1,314,015
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	**27.28%**	0.32%	86.26%	22.09%	11.28%	35.62%	66.23%	13.45%
Plan fiduciary net position as a percentage of the total pension asset or liability	**113.20%**	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Teachers' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	**0.0426990%**	0.0408350%	0.0414590%	0.0410020%	0.0415070%	0.0412310%	0.0409600%	0.0407270%
District's proportionate share of the net pension (asset) liability	**$ 7,399,300**	$ 1,128,369	$ (1,077,095)	$ (741,417)	$ (315,498)	$ 441,599	$ (4,254,388)	$ (4,536,745)
District's covered payroll	**$ 8,715,684**	$ 7,061,752	$ 7,037,219	$ 7,049,291	$ 6,721,284	$ 6,682,398	$ 6,347,534	$ 6,173,492
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	**84.90%**	15.98%	15.31%	10.52%	4.69%	-6.61%	67.02%	73.49%
Plan fiduciary net position as a percentage of the total pension liability	**103.65%**	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

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

TULLY CENTRAL SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2022

CHANGE FROM ADOPTED TO REVISED BUDGET

Adopted budget		$ 21,893,037
Add prior year's encumbrances		357,334
Original budget		22,250,371
Budget revision:		12,300
Revised budget		$ 22,262,671

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 voter-approved expenditure budget maximum allowed (4% of 2022-23 budget)		$ 22,548,248
General fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	226,483	
Unassigned fund balance	901,929	
Total unrestricted fund balance	1,128,412	
Less:		
Appropriated fund balance	150,000	
Encumbrances included in committed and assigned fund balance	76,483	
Total adjustments	226,483	
General fund fund balance subject to Section 1318 of Real Property Tax Law		$ 901,929
Actual percentage		4.00%

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

TULLY CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures - Capital Projects Fund
For the Year Ended June 30, 2022

			Expenditures						Methods of Financing			
	Original Budget	Revised Budget	Prior Years	Current Year	Transfers	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Fund Balance June 30, 2022
Asbestos Project	$ 450,000	$ 450,000	$ 422,568	$ -	$ -	$ 422,568	$ 27,432	$ -	$ -	$ 422,568	$ 422,568	$ -
2022 Capital Project - Phase I	1,800,000	1,800,000	1,742,108	433,291	-	2,175,399	(375,399)	-	-	1,742,108	1,742,108	(433,291)
2022 Capital Project - Phase II	8,900,000	8,900,000	179,472	1,921,609	-	2,101,081	6,798,919	-	-	1,007,892	1,007,892	(1,093,189)
Total projects	$ 11,150,000	$ 11,150,000	$ 2,344,148	$ 2,354,900	$ -	$ 4,699,048	$ 6,450,952	$ -	$ -	$ 3,172,568	$ 3,172,568	$ (1,526,480)

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

TULLY CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
For the Year Ended June 30, 2022

Capital assets, net		$ 34,266,997
Deduct:		
Bond anticipation note payable	(3,400,000)	
Short-term portion of capital lease obligation	(240,000)	
Short-term portion of bonds payable	(1,489,969)	
Long-term portion of bonds payable	(9,124,191)	
Long-term portion of capital lease obligation	(1,629,900)	
		(15,884,060)
Net investment in capital assets		$ 18,382,937

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

grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

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*

INDEPENDENT AUDITOR'S REPORT

Board of Education
Tully Central School District
Tully, 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 Tully Central School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Tully Central School District's basic financial statements and have issued our report thereon dated October 12, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tully Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we have reported to management of Tully Central School District in a separate letter dated October 12, 2022.

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.

Restriction on Use

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

Grossman St Amour CPAs

Syracuse, New York
October 12, 2022

grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Education
Tully Central School District
Tully, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tully Central School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Tully Central School District's major federal programs for the year ended June 30, 2022. Tully Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Tully Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Tully Central School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Tully Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Tully Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Tully Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

Restricted Use

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

Grossman St Amour CPAs

Syracuse, New York
October 12, 2022

TULLY CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

	Federal CFDA Number	Pass-Through Number	Current Year Expenditures
U.S. Department of Education			
Passed through New York State Department of Education: (Grantor's No. 251601060000)			
Special Education Cluster:			
Special Education - Grants to States	84.027A	0032220662	$ 181,148
Special Education - Preschool Grants	84.173A	0033220662	5,491
Total Special Education Cluster			186,639
Education Stabilization Funds:			
Governor's Emergency Education Relief (GEER) Fund 2	84.425C	5896212170	16,613
Coronavirus Response and Relief Act Elementary and Secondary Emergency Relief (ESSER) 2	84.425D	5891212170	225,159
American Rescue Plan (ARP) Elementary and Secondary Emergency Relief (ESSER) 3	84.425U	5890211325	244,172
American Rescue Plan (ARP) Universal Pre-Kindergarten	84.425U	5870229290	122,240
American Rescue Plan (ARP)- State Level Reserve- Comprehensive After School	84.425U	5883212170	26,460
American Rescue Plan (ARP)- State Level Reserve- Lost Instruction	84.425U	5884212170	84,786
Total Education Stabilization Funds			719,430
Title I Grants to Local Educational Agencies	84.010A	0021222170	145,561
Improving Teacher Quality State Grants	84.367A	0147221325	28,188
Title IV Student Support and Academic Enrichment Grants	84.424A	0204222170	1,380
Total U.S. Department of Education			1,081,198
U.S. Department of Agriculture			
Passed through New York State Department of Education (Grantor's No. 251601060000)			
Child Nutrition Cluster:			
National School Breakfast Program	10.553		146,068
National School Lunch Program	10.555		392,241
National School Lunch Program (non-cash assistance)	10.555		29,129
Total Child Nutrition Cluster			567,438
Pandemic-EBT Grant	10.649		1,202
Total U.S. Department of Agriculture			568,640
Total Expenditures of Federal Awards			**$ 1,649,838**

The accompanying notes are an integral part of the schedule

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Tully Central School District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. CFDA numbers and pass-through numbers are provided, when available.

2. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of Tully Central School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the modified accrual basis of accounting, as required by accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data provided. Tully Central School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Food Distribution

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted approximately $29,100 of commodities under the National School Lunch Program (CFDA 10.555).

TULLY CENTRAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the year ended June 30, 2022

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued:	*unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	______Yes __X__ No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	______Yes __X__ No
Noncompliance material to financial statements noted?	______Yes __X__ No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	______Yes __X__ No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	______Yes __X__ No
Type of auditor's opinion(s) issued on compliance for major programs:	*unmodified*
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______Yes __X__ No

Identification of major programs:

Name of Federal Program or Cluster	*CFDA Number(s)*
Education Stabilization Funds	84.425C, D, and U

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk?	______Yes __X__ No

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

IV. Status of Prior Year Findings

None reported.

FORM OF BOND COUNSEL'S OPINION

June 27, 2023

Tully Central School District
20 State Street
Tully, New York 13159

Re: Tully Central School District, Onondaga and Cortland Counties, New York
$7,659,528 Bond Anticipation Notes, 2023

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $7,659,528 Bond Anticipation Notes, 2023 (the "Notes") of Tully Central School District, County of Onondaga, State of New York (the "District"). The Notes are dated June 27, 2023 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District and a Certificate of Determination dated on or before June 27, 2023 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

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

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

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

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

Very truly yours,

Trespasz & Marquardt, LLP