PRELIMINARY OFFICIAL STATEMENT

NEW AND RENEWAL ISSUE **BOND ANTICIPATION NOTES**

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

The Notes will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$4,200,000

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT

OTSEGO AND CHENANGO COUNTIES, NEW YORK

GENERAL OBLIGATIONS

$4,200,000 Bond Anticipation Notes, 2025

(referred to as the "Notes")

Dated: July 10, 2025 **Due: June 26, 2026**

The Notes are general obligations of the Gilbertsville - Mount Upton Central School District, Otsego and Chenango Counties, New York (the "District" or "School 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, the Notes will be issued in (i) registered certificated form registered in the name of the successful bidder(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"). The District will act as Paying Agent for the Notes.

If the Notes are issued as registered in the name of the purchaser, a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on the Notes will be payable in Federal Funds at maturity at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder(s).

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the School 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 Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York City. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or at such place as may be agreed upon with the purchaser(s) on or about July 10, 2025.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on June 18, 2025 by no later than 10:30 A.M. Prevailing Time. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

June 9, 2025

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE RESPECTIVE 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.

GILBERTSVILLE-MOUNT UPTON CENTRAL SCHOOL DISTRICT
OTSEGO AND CHENANGO COUNTIES, NEW YORK

SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

JEREMY PAIN
President

JED BARNES
Vice President

BRENDA FRIEDEL
SEAN BARROWS
LORI PECK
CHRISTOPHER OSTRANDER
WHITNEY TALBOT

* * * * * * * *

ANNETTE D. HAMMOND
Superintendent of Schools

DOROTHY IANNELLO
School District Treasurer

DONNA DEAN
School District Clerk

D'ARCANGELO & CO., LLP
External Auditor

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisors

ORRICK, HERRINGTON & SUTCLIFFE, LLP
Bond Counsel

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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Syracuse, New York 13202
(315) 752-0051
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OFFICIAL STATEMENT

OF THE

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT

OTSEGO AND CHENANGO COUNTIES, NEW YORK

RELATING TO

$4,200,000 Bond Anticipation Notes, 2025

This Official Statement, which includes the cover page, has been prepared by the Gilbertsville - Mount Upton Central School District, Otsego and Chenango Counties, New York (the "School District" or "District", "Counties", each a "County", and "State", respectively) in connection with the sale by the School District of $4,200,000 principal amount of Bond Anticipation Notes, 2025 (herein referred to as the "Notes").

The factors affecting the School 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 School 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 School 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 School District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

NATURE OF OBLIGATION

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

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

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

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

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District's power to increase its annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX INFORMATION - 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, ensuring the availability of the levy of property tax revenues to pay debt service. As the *Flushing National Bank* (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in *Flushing National Bank v. Municipal Assistance Corp.*, 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

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

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

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

THE NOTES

Description of the Notes

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

The Notes are dated July 10, 2025 and mature, without option of prior redemption, on June 26, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the Purchaser(s) either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

On May 16, 2023, the qualified voters of the District approved a proposition authorizing the District to construct improvements and reconstruct District buildings and campus facilities at a maximum cost of $5,200,000 with such cost being funded with $116,147 of 2015 Capital Reserve Fund monies, $500,000 of 2016 Capital Reserve Fund monies, the appropriation and expenditure $383,853 of available District monies and the balance of such cost, not in excess of $4,200,000, through the issuance of the District's serial bonds. The Notes are being issued pursuant to a bond resolution duly adopted by the Board of Education on June 14, 2023 authorizing the issuance of $4,200,000 of bonds to finance the capital project.

The proceeds of the Notes will redeem and renew in full the outstanding $2,500,000 bond anticipation notes maturing on July 11, 2025 and provide $1,700,000 new monies for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

In the event that the Notes are issued in registered book-entry form, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. 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 the Notes bearing the same CUSIP, 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, National Securities Clearing Corporation 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 Bond ("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 Bond 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 School District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry only 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 School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE SCHOOL 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 SCHOOL 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 THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS, 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 ONLY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE SCHOOL 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. 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 the Towns of Butternuts, Morris and Unadilla in Otsego County and the Towns of Guilford and Norwich in Chenango County.

The District is rural in nature, with many residents commuting to large industrial or commercial firms or the regional hospital within the general area.

Source: District officials.

District Population

The estimated population of the District is 2,670. (Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates.)

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

Larger Employers

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

Name of Employer	Nature of Business	Approximate Number Employed
Bassett Healthcare	Hospital	2,855
Agro-Farma	Manufacturer of Chobani Yogurt	1,000
Amphenol-Aerospace	Manufacturer of Electronic Connectors	1,000
New York Central Mutual	Insurance	800
Upstate Companies	Construction	100

Note: Mead West Vaco, a previously listed larger employer of the District, closed its operations in the Town of Sidney at the end of 2024.

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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 are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the towns or the counties are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2006-2010	2016-2020	2019-2023	2006-2010	2016-2020	2019-2023
Towns of:						
Butternuts	$ 23,767	$ 30,464	$ 39,955	$ 56,250	$ 79,018	$ 103,846
Morris	22,003	37,270	37,652	51,250	70,833	96,442
Unadilla	21,076	27,434	34,268	61,039	58,848	79,063
Guilford	21,131	27,170	34,516	46,169	73,750	87,538
Norwich	25,237	29,071	32,138	47,028	71,915	86,250
Counties of:						
Otsego	22,902	30,223	36,506	56,797	71,686	84,415
Chenango	22,036	28,780	32,986	52,229	65,537	76,894
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Source: 2019-2023 American Community Survey 5-Year Estimates.

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

Unemployment Rate Statistics

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

	Annual Averages						
	2018	2019	2020	2021	2022	2023	2024
Otsego County	4.4%	4.1%	7.0%	4.7%	3.7%	4.0%	4.1%
Chenango County	4.8	4.4	6.9	4.6	3.4	3.4	3.4
New York State	4.1	3.9	9.8	7.1	4.3	4.1	4.3

	2025 Monthly Figures					
	Jan	Feb	Mar	Apr	May	Jun
Otsego County	5.3%	5.4%	4.8%	3.5%	N/A	N/A
Chenango County	4.3	4.7	4.1	3.0	N/A	N/A
New York State	4.6	4.3	4.1	3.6	N/A	N/A

Note: Unemployment rates for the months of May and June 2025 are not available as of the date of this Official Statement.

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

District Organization

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 an equal number as possible is elected to the Board each year. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent is the chief executive officer of the District.

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, the School District Clerk, the School District Attorney and the School District Treasurer.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain financial functions of the District are the responsibility of the School District Treasurer.

Investment Policy

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

Consistent with the above statutory limitations, it is the 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.

Budgetary Procedures

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

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

Recent Budget Vote Results

The budget for the 2024-25 fiscal year was approved by qualified voters on May 21, 2024 by a vote of 90 to 46. The District's adopted budget for the 2024-25 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The 2024-25 budget called for a total tax levy increase of 2.50%, which was below the District's tax levy limit of 3.38%.

The budget for the 2025-26 fiscal year was approved by qualified voters on May 20, 2025 by a vote of 63 to 22. The District's adopted budget for the 2025-26 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The 2025-26 budget calls for a total tax levy increase of 2.50%, which is below the District's tax levy limit of 3.16%.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2025-2026 fiscal year, approximately 71.4% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner in any year municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of the State's fiscal year 2025-26 Enacted Budget (which adopted on May 9, 2025, thirty-eight (38) days after the April 1 deadline), the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal aid received by the State

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 85.6% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

<u>*State aid history*</u>

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

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

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

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

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

Provisions in the State's 2025-26 Enacted Budget grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State Aid) if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-26. Specifically, the State's 2025-26 Enacted Budget provides that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State's 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of $2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

State Aid Litigation

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

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

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the CFE case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the *NYSER* case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the CFE cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 and FY 2025 budget and enacted this commitment into law.

A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: $19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately $21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately $23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts.
- FY 2025: Funding the full amount of Foundation Aid for all school districts.
- FY 2026: $26.3 billion in Foundation Aid, a year over year increase of $1.42 billion and a 2% minimum increase in Foundation Aid to all school districts.

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

State Aid Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the last five completed fiscal years as well as budgeted figures for the 2024-2025 and 2025-2026 fiscal years comprised of State aid.

Fiscal Year	Total Revenues [1]	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	$ 10,004,828	$ 7,358,393	73.55%
2020-2021	10,101,780	7,230,276	71.57
2021-2022	10,211,359	7,447,448	72.93
2022-2023	10,598,438	7,533,217	71.09
2023-2024	11,014,359	7,841,664	71.19
2024-2025 (Budgeted)	10,906,570 [2]	7,894,745	72.39
2025-2026 (Budgeted)	10,892,564 [3]	7,779,489	71.42

(1) Includes interfund transfers, if any.
(2) Does not include appropriated reserves of $478,430.
(3) Does not include appropriated reserves of $667,436.

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

School Facilities

Name	Grades	Year(s) Built	Capacity
Gilbertsville-Mount Upton Elementary	K-6	1994	270
Gilbertsville-Mount Upton Junior Senior High	7-12	1994	330

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2020-2021	357	2025-2026	340
2021-2022	362	2026-2027	340
2022-2023	337	2027-2028	340
2023-2024	335	2028-2029	340
2024-2025	316	2029-2030	340

Source: District officials.

Employees

The District employs a total of approximately 97 full-time and 1 part-time employee with representation by various unions as follows:

Number of Employees	Bargaining Unit	Contract Expiration Date
38.5	Gilbertsville - Mount Upton Central School District	June 30, 2026
40	Gilbertsville - Mount Upton Teachers' Association	June 30, 2027
13	Gilbertsville - Mount Upton Administrators Association	No Expiration Date

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Effective April 20, 2024, this final average salary calculation for ERS Tier VI members has been changed from five years to the three highest consecutive years of earnings. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five fiscal years and budgeted contributions for the 2024-2025 and 2025-2026 fiscal years are as follows:

Fiscal Year	TRS	ERS
2019-2020	$ 295,827	$ 154,123
2020-2021	228,548	166,683
2021-2022	319,938	168,193
2022-2023	281,497	122,277
2023-2024	293,499	178,241
2024-2025 (Budgeted)	293,686	210,129
2025-2026 (Budgeted)	298,686	245,500

Source: District officials.

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually.

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

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

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

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

*Estimated.

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

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

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

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of June 30, 2019, the District established a reserve fund for the purpose of funding the cost of TRS contributions.

Other Post-Employment Benefits

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

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

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

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

The District contracted with Questar III BOCES to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2023 and 2024 fiscal years, by source.

Balance at July 1:	2022	2023
	$ 5,005,345	$ 4,340,331
Changes for the year:		
Service cost	228,852	232,900
Interest	182,631	164,722
Differences between expected and actual experience	-	-
Effect of demographic gains or losses	(744,104)	-
Effect of plan changes	-	49,613
Effect of assumption changes or inputs	(180,827)	(184,762)
Benefit payments	(151,566)	(121,696)
Net Changes	$ (665,014)	$ 140,777
Balance at June 30:	2023	2024
	$ 4,340,331	$ 4,481,108

Source: Audited financial statements of the District. The above tables are not audited. For additional information see "APPENDIX - E" attached hereto.

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

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

Under GASB 75, an actuarial valuation is 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 notices 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, 2024 and may be found attached hereto as "APPENDIX-E" to this Official Statement. Certain summary financial information of the School District can also be found attached as Appendices to this 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).

The District is required to issue 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. The District is currently in full compliance with GASB Statement No. 34.

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

Unaudited Results for Fiscal Year Ending June 30, 2025

The District expects to conclude the fiscal year ending June 30, 2025 with an unassigned fund balance of approximately $606,802.

Summary unaudited projected information for the General Fund for the period ending June 30, 2025 is as follows:

Projected Revenues:	$ 11,260,000
Projected Expenditures:	$ 11,000,000
Projected Excess (Deficit) Revenues Over Expenditures:	$ 260,000
Total General Fund Balance at June 30, 2024:	$ 5,022,828
Total Projected General Fund Balance at June 30, 2025:	$ 4,682,828

The audited financial statements for the fiscal year ending June 30, 2025 are expected to be available on or about September 1, 2025.

Note: These projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

State Comptroller Reports of Examination

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

The most recent State Comptroller audit report of the District dated December 22, 2021 was to determine if the District's officials properly monitored and accounted for fixed assets for the period July 1, 2019 through July 15, 2021.

Key Findings:
District officials did not properly monitor and account for 70 percent of the 60 fixed assets examined, including computers, musical instruments and science equipment.

- 34 assets with combined purchase prices of approximately $46,400 did not have required asset tags and/or were not on the inventory list.
- Three assets with combined purchase prices of more than $2,000 could not be located.
- Seven assets (which included two of the 34 assets) with combined purchase prices of almost $14,400 did not have a location, or had an incorrect location indicated, on the inventory list.
- The Board did not approve the disposal of 28 of the 35 assets we examined. The disposal of District assets requires Board approval.
- Officials have not conducted a complete physical inventory in more than 10 years. As a result, the District has an increased risk that its assets could be lost, stolen or misused.

Key Recommendations:
- Ensure the inventory list is accurate and up-to-date.
- Ensure that all assets on the inventory list are immediately and appropriately tagged.
- Ensure that periodic physical inventories are conducted at the frequency indicated in the District's fixed asset inventory policy.

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

As of the date of this Official Statement, there are no State Comptroller audits of the District that are currently in progress or pending release.

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

Note: Reference to website implies no warranty of accuracy of information therein.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the four most recently available fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2024	No Designation	0.0
2023	No Designation	3.3
2022	No Designation	0.0
2021	No Designation	3.3

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Butternuts	$ 127,299,984	$ 128,368,969	$ 129,009,017	$ 144,303,291	$145,009,593
Morris	6,675,672	6,657,346	6,617,837	6,796,058	6,990,995
Unadilla	8,211,629	8,299,584	8,851,155	9,039,445	9,356,249
Guilford	53,280,956	53,726,424	53,877,979	58,902,268	59,425,675
Norwich	14,000	14,000	14,000	14,000	14,000
Total Assessed Values	$ 195,482,241	$ 197,066,323	$ 198,369,988	$ 219,055,062	$ 220,796,512
State Equalization Rates					
Towns of:					
Butternuts	100.00%	100.00%	88.40%	78.40%	74.11%
Morris	100.00%	100.00%	93.49%	80.90%	77.82%
Unadilla	68.00%	63.00%	53.00%	47.00%	44.00%
Guilford	98.00%	100.00%	89.00%	83.00%	81.00%
Norwich	47.00%	45.00%	40.00%	36.00%	34.00%
Total Taxable Full Valuation	$ 200,449,691	$ 201,957,793	$ 230,288,807	$ 282,699,225	$ 299,322,007

Source: District officials.

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Butternuts	$ 12.66	$ 12.85	$ 13.00	$ 13.63	$ 13.94
Morris	12.66	12.85	12.30	12.17	12.23
Unadilla	18.62	20.40	21.69	20.57	21.11
Guilford	12.92	12.85	12.92	12.55	12.44
Norwich	26.94	28.56	28.74	26.53	27.19

Source: District officials.

Tax Levy and Collection Record

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Total Tax Levy	$ 2,538,050	$ 2,595,150	$ 2,647,150	$ 2,700,200	$ 2,767,825
Amount Uncollected (1)	254,388	262,020	287,558	253,990	272,993
% Uncollected	10.02%	10.10%	10.86%	9.41%	9.86%

(1) At end of local collection period. The District receives its levy in full from the County prior to the end of the District fiscal year. See "Tax Collection Procedure" herein.

Source: District officials.

Tax Collection Procedure

District taxes are due September 2. Taxes will be collected during the first thirty days with no penalty, during the second thirty days with a two percent penalty and for at least 6 days in November with a three percent penalty as approved by the Board so that uncollected taxes can be returned to the County Treasurers on November 11.

The District is reimbursed by the Counties for all unpaid taxes so that it is assured of 100% collection of its tax levy each year.

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

Name	Type	Taxable Full Valuation
NYSEG	Utility	$4,335,884
Frontier Communications	Utility	1,440,045
TEPPCO	Substation – Corporation	1,247,810
Otsego Electric Coop, Inc.	Utility	1,243,559
Agree Stores, LLC	Commercial	986,700
589 Lobdell Road, LLC (Skolnick)	Residence/Agriculture	965,000
Michael Barnes	Residence/Agriculture	839,000
Albert Geldmacher	Residence/Agriculture	765,500
Simon Manning	Residence/Agriculture	575,000
Joseph Zaczek	Residence/Agricultural	574,600

The largest taxpayers listed above have an estimated total full valuation of $299,322,007, which represents approximately 4.33% of the 2024-2025 tax base of the District.

As of the date of this Official Statement, the District currently does not have any pending or outstanding tax certioraris that, if decided adversely to the District, would have a material impact on the District. A tax certiorari reserve is in place to cover any tax repayments that may be required.

Source: School District Tax Rolls.

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Real Property Tax Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the below completed fiscal years and budgeted figures for the 2024-2025 and 2025-2026 fiscal years comprised of Real Property Taxes and Tax Items.

Fiscal Year	Total Revenues [1]	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Taxes & Tax Items
2019-2020	$ 10,004,828	$ 2,486,776	24.86%
2020-2021	10,101,780	2,548,713	25.23
2021-2022	10,211,359	2,600,526	25.47
2022-2023	10,598,438	2,658,293	25.08
2023-2024	11,014,359	2,711,456	24.62
2024-2025 (Budgeted)	10,906,570 [2]	2,781,325	25.50
2025-2026 (Budgeted)	10,892,564 [3]	2,850,575	26.17

[1] Includes interfund transfers, if any.
[2] Does not include appropriated reserves of $478,430.
[3] Does not include appropriated reserves of $667,436.

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

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 $98,700 or less in the 2024-2025 school year and $107,300 or less in the 2025-2026 school year, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $84,000 of the full value of a home for the 2024-2025 school year and the first $86,100 of the full value of a home for the 2025-2026 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence

The 2019-2020 State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to $250,000, compared with a $500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of $250,000 or less have the option to select the credit or the exemption.

The 2020-2021 State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent.

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District 2025-2026 tax roll:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Butternuts	$ 63,810	$ 22,230	4/10/2025
Morris	67,000	23,350	4/10/2025
Unadilla	37,880	13,320	4/10/2025
Guilford	69,740	24,300	4/10/2025
Norwich	29,270	10,200	4/10/2025

$308,840 of the District's $2,700,200 school tax levy for the 2023-2024 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2024.

$288,948 of the District's $2,767,825 school tax levy for the 2024-2025 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2025.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential - 87%; Commercial - 3%; Industrial (which includes public utilities) - 4 % and Agricultural - 6%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District is approximately $2,200 including County, Village, Town and School District taxes.

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. The Notes are being issued for "Capital Local Expenditures."

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.

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 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.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under "NATURE OF OBLIGATION," the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, Chapter 97 of the Laws of 2011 imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. See "TAX LEVY LIMITATION LAW" herein.

Statutory Procedure

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

Debt Limit. The School District has the power to contract indebtedness for any School District purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions 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 District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

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

(1) Such obligations are authorized for a purpose for which the 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 District complied with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

Statutory Law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

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. See "NATURE OF THE OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30:	2020	2021	2022	2023	2024
Bonds	$ 5,600,000	$ 4,850,000	$ 4,070,000	$ 3,260,000	$ 2,400,000
Bond Anticipation Notes	0	0	0	0	0
Lease Purchase Obligations (1)	0	0	157,646	97,333	57,666
Total Debt Outstanding	$ 5,600,000	$ 4,850,000	$ 4,227,646	$ 3,357,333	$ 2,457,666

(1) In 2022, the District implemented GASB Statement No. 87 for accounting and reporting leases. GASB Statement No. 87 requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with the recognition of inflows and outflows of resources, as applicable. See "Lease Purchase Obligations" herein.

Note: Apart from as noted above, the figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as June 9, 2025:

Type of Indebtedness	Maturity		Amount Outstanding	
Bonds	2025-2033		$ 2,400,000	
Bond Anticipation Notes				
Capital Project	July 11, 2025		2,500,000	(1)
		Total Indebtedness	$ 4,900,000	

(1) To be redeemed and renewed in full with proceeds of the Notes.

Notes: The table above does not include any energy performance contract, capital lease or installment purchase indebtedness, to the extent any such indebtedness may be applicable to the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 9, 2025:

Full Valuation of Taxable Real Property			$ 299,322,007
Debt Limit 10% thereof			29,932,201
Inclusions:			
Bonds	$ 2,400,000		
Bond Anticipation Notes (BANs):	2,500,000		
Total Inclusions prior to issuance of the Notes	4,900,000		
Less: BANs being redeemed from appropriations	0		
Add: New money proceeds of the Notes	1,700,000		
Total Net Inclusions after issuance of the Notes		$ 6,600,000	
Exclusions:			
State Building Aid (1)	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness (2)			$ 6,600,000
Net Debt-Contracting Margin			$ 23,332,201
The percent of debt contracting power exhausted is (2)			22.05%

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2025-2026 Building Aid Ratios, the School District anticipates State building aid of 85.6% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the School District will receive in relation to its capital project indebtedness.

(2) Does not include indebtedness related to the District's lease purchase obligations. See "Lease Purchase Obligations" herein.

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

Bonded Debt Service

A schedule of Bonded Debt Service may be found in "APPENDIX – B" to this Official Statement.

Cash Flow Borrowings

The School District historically does not issue revenue or tax anticipation notes nor deficit or budget notes and does not have any plans to issue any for the foreseeable future.

Lease Purchase Obligations

The District has entered into agreements with the BOCES and other vendors to lease purchase certain equipment such as copiers and other technology equipment. The following is a summary of the District's debt service requirements for its lease purchase obligations as of June 30, 2024:

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	$ 39,666	$ 4,918	$ 44,584
2026	6,000	879	6,879
2027	6,000	879	6,879
2028	6,000	879	6,879
TOTAL	$ 57,666	$ 7,555	$ 65,221

Capital Project Plans

On May 16, 2023, the qualified voters of the District approved a proposition authorizing the District to construct improvements and reconstruct District buildings and campus facilities at a maximum cost of $5,200,000 with such cost being funded with $116,147 of 2015 Capital Reserve Fund monies, $500,000 of 2016 Capital Reserve Fund monies, the appropriation and expenditure $383,853 of available District monies and the balance of such cost, not in excess of $4,200,000, through the issuance of serial bonds. The issuance of $2,500,000 bond anticipation notes on July 11, 2024 represented the first borrowing against said authorization. The proceeds of the Notes will redeem and renew in full the outstanding $2,500,000 bond anticipation notes maturing on July 10, 2025 and provide $1,700,000 new monies for the project.

The District has no other authorized and unissued indebtedness for capital or other purposes.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Net Overlapping Indebtedness
County of:						
Otsego	12/31/2023 (3)	$ -	$ -	$ -	3.57%	$ -
Chenango	12/31/2023 (3)	-	-	-	2.19%	-
Town of:						
Butternuts	12/31/2023 (3)	- (5)	- (6)	-	90.16%	-
Guilford	5/7/2024 (4)	533,184	113,184	420,000	32.74%	137,508
Morris	12/31/2023 (3)	- (5)	- (6)	-	5.45%	-
Norwich	12/31/2023 (3)	24,500	- (6)	24,500	0.01%	2
Unadilla	12/31/2023 (3)	144,801	- (6)	144,801	6.44%	9,325
Village of:						
Gilbertsville	5/31/2024 (3)	- (5)	- (6)	-	100.00%	-
					Total:	$ 146,836

(1) Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

(2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

(3) Gross indebtedness sourced from local government data provided by the State Comptroller's office for the most recent fiscal year such data is available for the respective municipality.

(4) Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.

(5) Information regarding gross indebtedness not available.

(6) Information regarding excludable debt not available.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 9, 2025

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 6,600,000	$ 2,471.91	2.20%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	6,746,938	2,526.94	2.25%

(a) The estimated population of the District is 2,670. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The District's full value of taxable real estate for the 2024-2025 fiscal year is $299,322,007. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Indebtedness, herein.
(d) The estimated net overlapping indebtedness is $146,836. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT - State Aid").

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

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

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

TAX MATTERS

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

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

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

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

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

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

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

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

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

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

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

LEGAL MATTERS

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

LITIGATION

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School 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 School 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 School District, threatened against or affecting the School 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 School District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the School District.

CONTINUING DISCLOSURE COMPLIANCE

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

Historical Compliance

The District has in the previous five years complied, in all material respects, with any previous undertakings pursuant to the Rule.

MUNICIPAL ADVISOR

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

RATING

The Notes are <u>not</u> rated. The purchaser(s) of the Notes may choose to request that a rating be assigned after the sale at the expense of the purchaser(s) pending the approval of the District and applicable rating agency, including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA and/or the provision of a Supplement to the final Official Statement. (See "APPENDIX – C" herein).

The District does not have any general obligation debt outstanding that is directly rated by Standard & Poor's or Moody's Investors Service at this time. S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their issuer credit rating (ICR) of "A+" with a stable outlook to the District. This 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, Fax: (212) 553-1390.

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 the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the School District's management's beliefs as well as assumptions made by, and information currently available to, the School 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 School District's files with the repositories. When used in School District's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the School District, expresses no opinion 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 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 School 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 limitation as to information in the Official Statement obtained from sources other than the School District, as to which no representation can be made.

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

The School 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.

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.

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 School 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 School 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 School District also assumes 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: Ms. Dorothy Iannello, District Treasurer, Gilbertsville – Mount Upton Central School District, 693 State Highway 51, Gilbertsville, NY 13776, Phone: (607) 783-2207, Fax: (607) 783-2254, Email: diannello@gmucsd.org.

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

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT

Dated: June 9, 2025

JEREMY PAIN
PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2020	2021	2022	2023	2024
ASSETS					
Cash & Cash Equivalents	$ 707,650	$ 540,466	$ 1,072,511	$ 790,623	$ 866,639
Restricted Cash and Cash Equivalents	2,151,247	3,385,569	3,717,518	3,511,070	3,869,341
Due from Other Funds	133,853	103,904	230,401	464,119	254,773
Receivables	-	-	-	-	-
Due from Other Governments	444,155	455,282	432,497	334,263	438,465
Other Receivables	-	-	-	-	16,481
TOTAL ASSETS	$ 3,436,905	$ 4,485,221	$ 5,452,927	$ 5,100,075	$ 5,445,699
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 11,634	$ 13,113	$ 13,552	$ 43,477	$ 20,702
Accrued Liabilities	-	873	3,497	4,891	11,546
BAN Interest Payable	-	-	-	-	-
Due to Other Funds	-	5,384	705	2,728	982
Due to Teachers' Retirement System	268,840	257,805	326,787	340,935	346,999
Due to Employees' Retirement System	38,531	41,043	42,750	33,621	42,642
Deferred Revenue	88,965	-	-	-	-
TOTAL LIABILITIES	$ 407,970	$ 318,218	$ 387,291	$ 425,652	$ 422,871
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	2,151,247	3,385,569	3,717,518	3,511,070	3,869,341
Assigned	470,735	299,500	311,472	361,768	490,718
Unappropriated	406,953	481,934	1,036,646	801,585	662,769
TOTAL FUND EQUITY	3,028,935	4,167,003	5,065,636	4,674,423	5,022,828
TOTAL LIABILITIES and FUND EQUITY	$ 3,436,905	$ 4,485,221	$ 5,452,927	$ 5,100,075	$ 5,445,699

Source: Audited Financial Statements of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2019	2020	2021	2022	2023
REVENUES					
Real Property Taxes	$ 2,024,242	$ 2,089,416	$ 2,180,097	$ 2,239,497	$ 2,317,202
Real Property Tax Items	414,915	397,360	368,616	361,029	341,091
Charges for Services	10,610	5,010	-	2,500	-
Use of Money & Property	15,360	14,240	12,413	648	139,966
Sale of Property and Compensation for Loss	22,400	-	11,850	7,500	21,650
Miscellaneous	142,535	117,773	135,616	105,052	220,938
Revenues from State Sources	6,906,527	7,358,393	7,230,276	7,447,448	7,533,217
Revenues from Federal Sources	45,018	22,636	162,912	6,776	22,282
Total Revenues	$ 9,581,607	$ 10,004,828	$ 10,101,780	$ 10,170,450	$ 10,596,346
Other Sources:					
Operating Transfers In	-	-	-	40,909	2,092
Total Revenues and Other Sources	$ 9,581,607	$ 10,004,828	$ 10,101,780	$ 10,211,359	$ 10,598,438
EXPENDITURES					
General Support	$ 1,343,088	$ 1,537,947	$ 1,471,387	$ 1,504,534	$ 1,586,122
Instruction	4,131,524	4,360,237	3,650,631	3,857,974	4,131,557
Pupil Transportation	531,341	560,783	488,568	620,348	671,699
Community Services	1,000	500	500	500	500
Employee Benefits	2,334,876	2,215,213	2,270,226	1,855,546	2,083,771
Debt Service	988,328	1,021,614	1,017,400	1,060,374	1,090,802
Total Expenditures	$ 9,330,157	$ 9,696,294	$ 8,898,712	$ 8,899,276	$ 9,564,451
Other Uses:					
Operating Transfers Out	366,000	350,500	65,000	413,450	1,425,200
Total Other Uses	$ 366,000	$ 350,500	$ 65,000	$ 413,450	$ 1,425,200
Total Expenditures and Other Uses	$ 9,696,157	$ 10,046,794	$ 8,963,712	$ 9,312,726	$ 10,989,651
Excess (Deficit) Revenues Over Expenditures	(114,550)	(41,966)	1,138,068	898,633	(391,213)
FUND BALANCE					
Fund Balance - Beginning of Year	3,185,451	3,070,901	3,028,935	4,167,003	5,065,636
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 3,070,901	$ 3,028,935	$ 4,167,003	$ 5,065,636	$ 4,674,423

Source: Audited Financial Statements of the School District. This Appendix is not itself audited.

GENERAL FUND

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

Fiscal Years Ending June 30:	2024			2025	2026
	Original Budget	Final Budget	Audited Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 2,370,000	$ 2,370,000	$ 2,391,360	$ 2,767,825	$ 2,837,075
Real Property Tax Items	343,700	343,700	320,096	13,500	13,500
Charges for Services	-	-	-	12,000	24,000
Use of Money & Property	55,000	55,000	276,341	55,000	75,000
Sale of Property and Compensation for Loss	12,500	12,500	7,050	12,500	12,500
Miscellaneous	133,500	133,500	169,636	133,500	133,500
Revenues from State Sources	7,782,800	7,782,800	7,841,664	7,894,745	7,779,489
Revenues from Federal Sources	17,500	17,500	8,212	17,500	17,500
Total Revenues	$ 10,715,000	$ 10,715,000	$ 11,014,359	$ 10,906,570	$ 10,892,564
Other Sources:					
Operating Transfers In	-	-	-	-	-
Appropriated Reserves	-	367,096	-	478,430	667,436
Total Revenues and Other Sources	$ 10,715,000	$ 11,082,096	$ 11,014,359	$ 11,385,000	$ 11,560,000
EXPENDITURES					
General Support	$ 1,724,867	$ 1,772,930	$ 1,601,230	$ 1,843,839	$ 2,021,870
Instruction	4,939,258	5,003,482	4,620,219	5,057,291	5,318,693
Pupil Transportation	721,685	752,876	697,616	748,619	814,065
Community Services	1,000	1,000	500	1,000	1,000
Employee Benefits	2,519,658	2,333,829	2,222,142	2,574,951	2,620,322
Debt Service	1,020,300	1,062,651	1,057,151	1,009,300	634,050
Total Expenditures	$ 10,926,768	$ 10,926,768	$ 10,198,858	$ 11,235,000	$ 11,410,000
Other Uses:					
Operating Transfers Out	150,000	517,096	467,096	150,000	150,000
Total Other Uses	$ 150,000	$ 517,096	$ 467,096	$ 150,000	$ 150,000
Total Expenditures and Other Uses	$ 11,076,768	$ 11,443,864	$ 10,665,954	$ 11,385,000	$ 11,560,000
Excess (Deficit) Revenues Over Expenditures	(361,768)	(361,768)	348,405	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	361,768	361,768	4,674,423	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 5,022,828	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	$ 895,000	$ 111,800	$ 1,006,800
2026	160,000	67,050	227,050
2027	165,000	59,050	224,050
2028	175,000	50,800	225,800
2029	185,000	42,050	227,050
2030	195,000	32,800	227,800
2031	200,000	23,050	223,050
2032	210,000	17,050	227,050
2033	215,000	10,750	225,750
TOTALS	$ 2,400,000	$ 414,400	$ 2,814,400

The table above does not include any energy performance contract, capital lease, or installment purchase contract indebtedness, to the extent any such indebtedness may be applicable to the District.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2017F DASNY REFUNDING BONDS Principal	Interest	Total	2019A DASNY BONDS Principal	Interest	Total
2025	$ 745,000	$ 37,250	$ 782,250	$ 150,000	$ 74,550	$ 224,550
2026	-	-	-	160,000	67,050	227,050
2027	-	-	-	165,000	59,050	224,050
2028	-	-	-	175,000	50,800	225,800
2029	-	-	-	185,000	42,050	227,050
2030	-	-	-	195,000	32,800	227,800
2031	-	-	-	200,000	23,050	223,050
2032	-	-	-	210,000	17,050	227,050
2033	-	-	-	215,000	10,750	225,750
TOTALS	$ 745,000	$ 37,250	$ 782,250	$ 1,655,000	$ 377,150	$ 2,032,150

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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FORM OF BOND COUNSEL'S OPINION

July 10, 2025

Gilbertsville - Mount Upton Central School District,
Counties of Otsego and Chenango,
State of New York

Re: Gilbertsville - Mount Upton Central School District, Otsego and Chenango Counties, New York
$4,200,000 Bond Anticipation Notes, 2025

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a $4,200,000 Bond Anticipation Notes, 2025 (the "Obligation"), of the Gilbertsville - Mount Upton Central School District, Otsego and Chenango Counties, New York (the "Obligor"), dated July 10, 2025, numbered 1, of the denomination of $4,200,000, bearing interest at the rate of ___% per annum, payable at maturity, and maturing June 26, 2026.

We have examined:

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

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

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

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

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

In our opinion:

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

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

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

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
OTSEGO AND CHENANGO COUNTIES, NEW YORK

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2024

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

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

BASIC FINANCIAL STATEMENTS

For the Year Ended
June 30, 2024

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

Independent Auditor's Report

Board of Education
Gilbertsville - Mount Upton Central School District

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gilbertsville - Mount Upton Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Gilbertsville - Mount Upton Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gilbertsville - Mount Upton Central School District, as of June 30, 2024, and the respective changes in financial position, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 Gilbertsville - Mount Upton Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Gilbertsville - Mount Upton 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 Gilbertsville - Mount Upton Central School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gilbertsville - Mount Upton Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2024, on our consideration of the Gilbertsville - Mount Upton Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Gilbertsville - Mount Upton Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gilbertsville - Mount Upton Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

September 11, 2024

Utica, New York

The Gilbertsville - Mount Upton Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2024 and 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

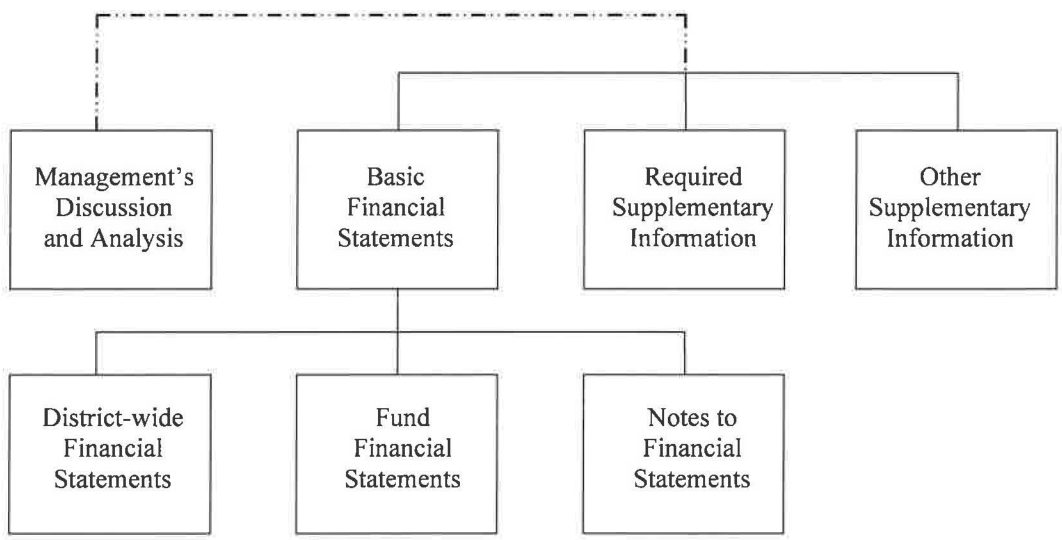
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024 are as follows:

- The District's total net position, as reflected in the District-wide financial statements, increased by $1,092,666 for the year.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled $11,256,524. Of this amount, $1,214,395 was offset by program revenues. The District received $1,204,304 in operating grants to support instructional programs and food service. General revenues of $11,134,795 amount to 90.2% of total revenues.
- The General Fund's total fund balance, as reflected in the fund financial statements on Pages 15 and 17, increased by $348,405 to $5,022,828. This was due to an excess of revenues over expenditures and transfers based on the modified accrual basis of accounting.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds, General Fund, School Lunch Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Debt Service Fund, and Capital Projects Fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The Districts total net position increased by $1,092,666 between fiscal year 2024 and 2023. A summary of the District's Statement of Net Position for June 30, 2024 and 2023 is as follows:

	2024	2023	Increase/ (Decrease)	Percentage Change
Current and Other Assets	$ 6,779,416	$ 6,961,760	$ (182,344)	(2.6%)
Capital Assets, (Net of Depreciation)	13,907,942	13,715,604	192,338	1.4%
Total Assets	20,687,358	20,677,364	9,994	0.0%
Deferred Outflows of Resources	3,149,523	4,133,862	(984,339)	(23.8%)
Total Assets and Deferred Outflows	$ 23,836,881	$ 24,811,226	$ (974,345)	(3.9%)
Current and Other Liabilities	$ 1,225,345	$ 1,564,151	$ (338,806)	(21.7%)
Non-Current Liabilities	7,758,962	8,638,409	(879,447)	(10.2%)
Total Liabilities	8,984,307	10,202,560	(1,218,253)	(11.9%)
Deferred Inflows of Resources	6,028,686	6,877,444	(848,758)	(12.3%)
Net Position				
Net Investment in Capital Assets	$ 12,118,996	$ 11,571,399	$ 547,597	4.7%
Restricted	5,045,298	5,119,573	(74,275)	(1.5%)
Unrestricted (Deficit)	(8,340,406)	(8,959,750)	619,344	6.9%
Total Net Position	8,823,888	7,731,222	1,092,666	14.1%
Total Liabilities, Deferred Inflows, and Net Position	$ 23,836,881	$ 24,811,226	$ (974,345)	(3.9%)

Current and other assets decreased by $182,344 as compared to the prior year. The decrease is primarily due to the change in the receivable for amounts due from other governments.

Capital assets increased by $192,338 as compared to the prior year. This increase is mainly due to capital outlay additions exceeding depreciation expense during the year.

Deferred outflows of resources decreased by $984,339, as compared to the prior year, due primarily to a decrease related to Other Postemployment Benefits (OPEB) and deferred outflows of resources for ERS and TRS.

Current and other liabilities decreased by $338,806 due primarily to a decrease to the net pension liability – proportionate share for ERS and TRS.

Non-current liabilities decreased by $879,447, as compared to the prior year. This decrease is primarily the result of the payments of bond principal of $860,000 and reduction in bond premium of $114,470, offset by an increase in the GASB 75 liability for OPEB in the amount of $140,777.

Deferred inflows of resources decreased by $848,758, as compared to prior year, due primarily to deferred inflows of resources for amounts provided by the ERS and TRS.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction and for leasing assets from the total cost of all asset acquisitions and leased assets, net of accumulated depreciation and amortization.

The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations.

The unrestricted net position at June 30, 2024, is a deficit of $8,340,406 which represents the amount by which the District's liabilities and deferred inflows exceeded the District's assets and deferred outflows, other than capital and right to use assets, excluding debt related to capital construction and any lease liabilities. The net position impact of liabilities and deferred inflows, net of deferred outflows related to other post-employment benefits totals $8,801,360.

The restricted portion of the net position decreased during the year by $74,275 due to a reduction in the Capital Fund restricted balance, offset by net additions in the District's reserves, primarily the Capital and Retirement Contribution Reserve.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2024 and 2023 is as follows:

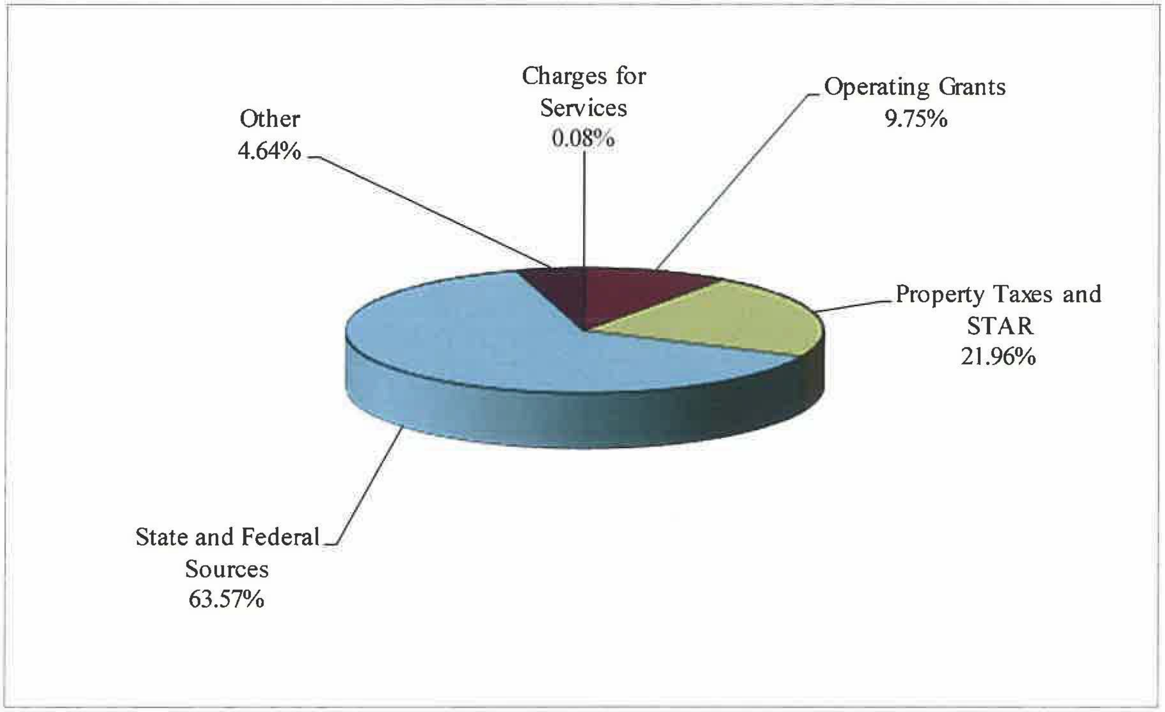
Revenues	2024	2023	Increase/ (Decrease)	Percentage Change
Program Revenues				
Charges for Services	$ 10,091	$ 12,774	$ (2,683)	(21.0%)
Operating Grants	1,204,304	1,478,700	(274,396)	(18.6%)
General Revenues				
Property Taxes and STAR	2,711,456	2,658,293	53,163	2.0%
State and Federal Sources	7,849,876	7,555,499	294,377	3.9%
Other	573,463	492,201	81,262	16.5%
Total Revenues	12,349,190	12,197,467	151,723	1.2%
Expenses				
General Support	2,141,663	1,823,722	317,941	17.4%
Instruction	7,671,320	7,496,853	174,467	2.3%
Pupil Transportation	1,013,571	963,353	50,218	5.2%
Community Service	500	500		0.0%
Debt Service-Unallocated Interest	96,239	139,066	(42,827)	(30.8%)
Food Service Program	333,231	328,234	4,997	1.5%
Total Expenses	11,256,524	10,751,728	504,796	4.7%
Total Change in Net Position	$ 1,092,666	$ 1,445,739	$ (353,073)	(24.4%)

The District's revenues increased by $151,723 in 2024 or approximately 1.2% mainly due to an increase in state and federal sources and other revenues. This increase was derived from increases in aid for school lunch and rising interest rates, an increase in interest earnings of about $194,000 compared to prior year.

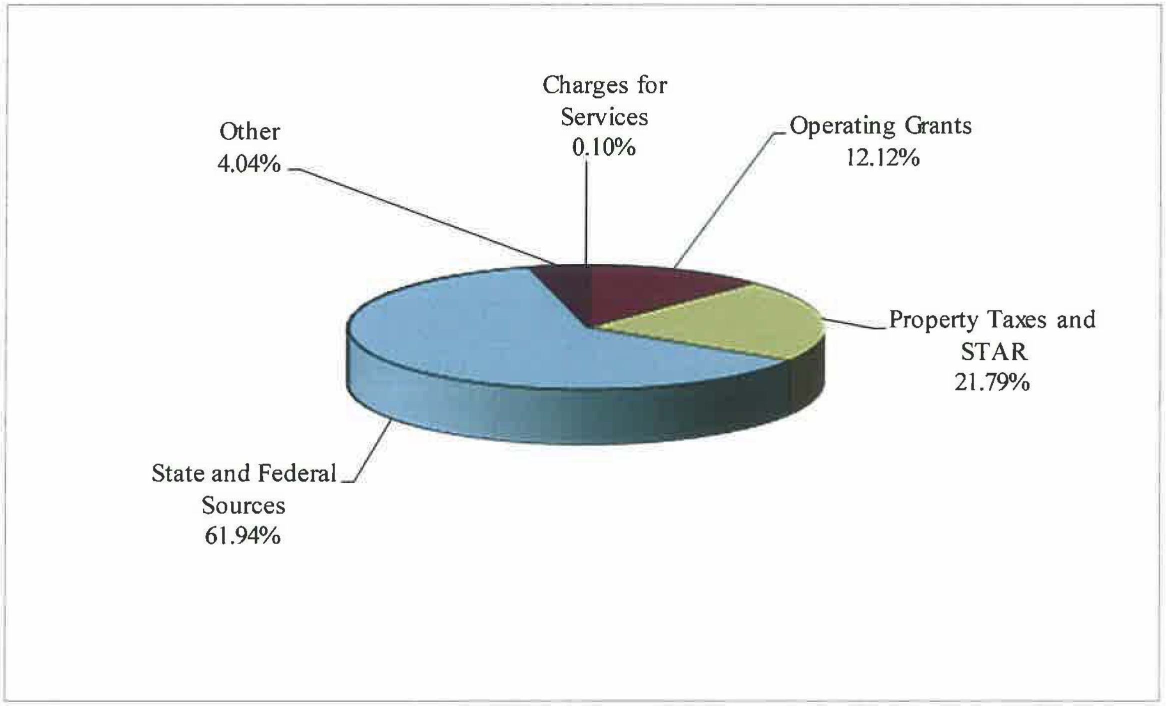
The District's expenses for the year increased by $504,796 or 4.7% primarily in general support and instruction due to current year budgetary increases in salaries and benefits.

A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2024

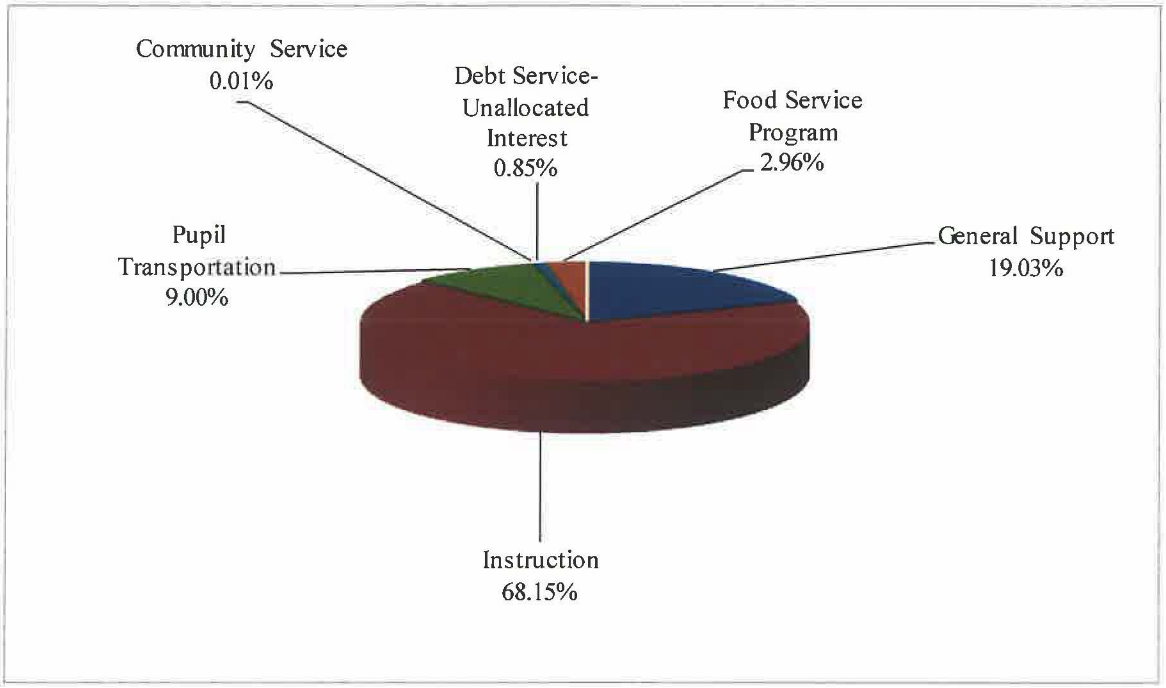


For the Year Ended June 30, 2023

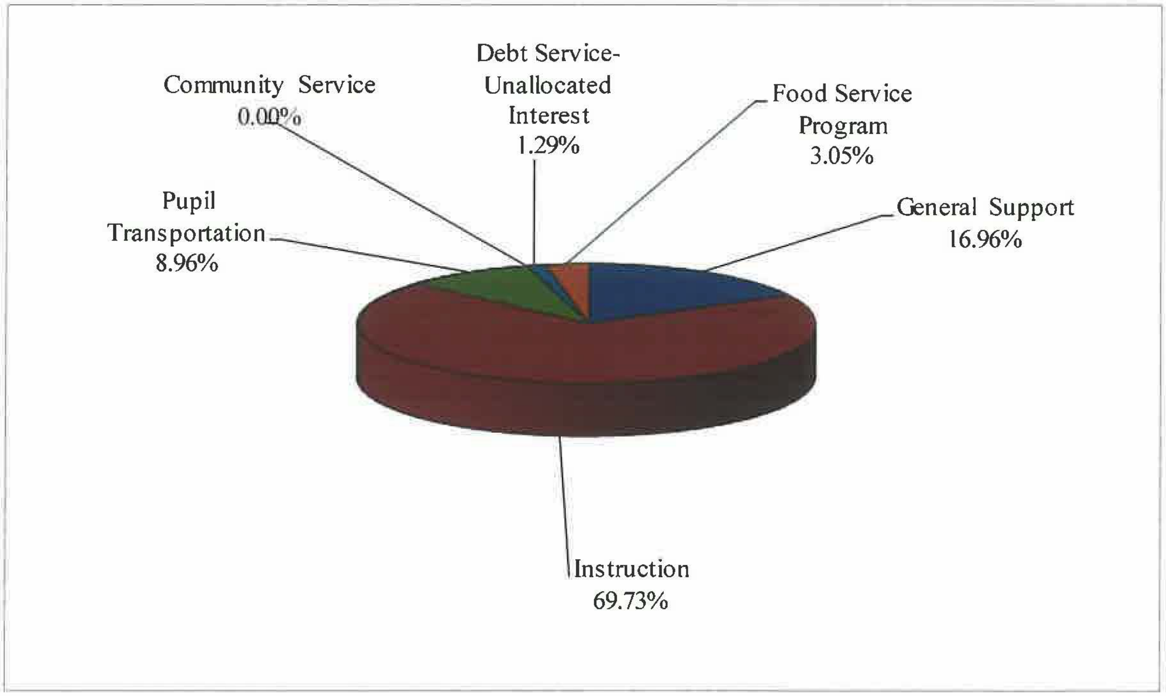


A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2024



For the Year Ended June 30, 2023



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2024, the District's governmental funds reported a combined fund balance of $6,258,055 which is a decrease of $102,975 from the prior year. This decrease is due to expenditures exceeding revenues for the year, primarily in the Capital Fund. A summary of the change in fund balance by fund is as follows:

General Fund	2024	2023	Increase/ (Decrease)
Restricted for:			
Capital	$ 1,923,402	$ 1,653,297	$ 270,105
Liability	228,686	217,043	11,643
Unemployment Insurance	238,495	226,353	12,142
Retirement Contribution	788,287	744,579	43,708
Employee Benefit Accrued Liability	690,471	669,798	20,673
Assigned	490,718	361,768	128,950
Unassigned	662,769	801,585	(138,816)
Total General Fund	5,022,828	4,674,423	348,405
School Lunch Fund			
Nonspendable	14,445	17,986	(3,541)
Assigned	44,825	60,118	(15,293)
Total School Lunch Fund	59,270	78,104	(18,834)
Miscellaneous Special Revenue Fund			
Restricted	60,028	54,052	5,976
Debt Service Fund			
Restricted	324,254	236,802	87,452
Capital Projects Fund			
Restricted	791,675	1,317,649	(525,974)
Total Fund Balance	$ 6,258,055	$ 6,361,030	$ (102,975)

Note 11 to the Financial Statements provides additional information on the Reserves.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2023-2024 Budget

The District's General Fund adopted budget for the year ended June 30, 2024, was $11,050,000. This is an increase of $354,500 from the prior years adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was $2,713,700 in estimated real property taxes and STAR, and State Aid in the amount of $7,782,800.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$	801,585
Revenues and Appropriated Reserves under Budget		(67,737)
Expenditures and Encumbrances under Budget		765,622
Appropriated Fund Balance for June 30, 2025 Budget		(478,430)
Net Increase to Restricted Funds		(358,271)
Closing, Unassigned Fund Balance	$	662,769

Opening, Unassigned Fund Balance

The $801,585 shown in the above table is the portion of the District's June 30, 2023 fund balance that was retained as unassigned. This was 7.25% of the District's 2023-2024 approved operating budget.

Revenues, Transfers and Appropriated Reserves Under Budget

The 2023-2024 budget for revenues and appropriated reserves was $11,443,864. The actual revenues and appropriated reserves received for the year were $11,014,359. The actual revenue and transfers was over the estimated or budgeted revenue by $299,359 primarily due to interest and earnings because of rising interest rates and state aid.

Expenditures, Other Uses and Encumbrances Under Budget

The 2023-2024 final budget for expenditures and other uses was $11,443,864. The actual expenditures, other uses, and encumbrances were $10,678,242. The final budget was under expended by $765,622. This under expenditure contributes to the change to the unassigned portion of the general fund balance from June 30, 2023 to June 30, 2024.

Appropriated Fund Balance and Reserves

The District chose to use $478,430 of its available June 30, 2024 fund balance and reserves to partially fund its 2024-2025 approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2024-2025 fiscal year with an unassigned fund balance of $662,769. This is a decrease of $138,816 from the unassigned balance from the prior year and is 5.82% of the subsequent year's budget.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2024, the District had invested in a broad range of capital assets, including land, buildings and improvements and equipment. The net increase in capital assets is due to capital outlays exceeding the current year depreciation recorded for the year ended June 30, 2024. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2024 and 2023, is as follows:

	2024	2023	Increase/ (Decrease)
Land	$ 80,000	$ 80,000	$
Construction in Progress	925,731		925,731
Buildings and Improvements	12,232,917	12,808,948	(576,031)
Vehicles, Furniture, and Equipment	669,294	826,656	(157,362)
Capital Assets, Net	$ 13,907,942	$ 13,715,604	$ 192,338

B. Debt Administration

At June 30, 2024, the District had total bonds payable of $2,400,000. A summary of the outstanding debt at June 30, 2024 and 2023, is as follows:

Issue Date	Interest Rate	2024	2023	Increase (Decrease)
11/15/2017	2.00-5.00%	$ 745,000	$ 1,460,000	$ (715,000)
6/17/2019	3.00-5.00%	1,655,000	1,800,000	(145,000)
	Total	$ 2,400,000	$ 3,260,000	$ (860,000)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The voters of the School District approved a budget of $11,385,000 for the 2024-2025 school year. The Board of Education and the Administration have strived to be fiscally responsible to the community while continuing to provide a quality education for students. In developing the 2024-2025 school budget, the preservation of educational programs for children remained a high priority. Overall, the district remains in a sound financial position, and will continue to be conservative in delivering educational programs at rates reasonably expected of a public school district. Reserves have been established which will help in the near term to mitigate unexpected decreases in revenue or unanticipated expenditures. The Board and the Administration are working on long-term solutions to reduce the continued reliance on reserves.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at Gilbertsville - Mount Upton Central School District, 693 State Highway 51, Gilbertsville, New York 13776-1104.

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

Assets		
Cash and Cash Equivalents	$	918.721
Restricted Cash and Cash Equivalents		5.045.078
Receivables		
Due From Other Governments		685.271
Other Receivables		16.481
Inventory		14.445
Right to Use Leased Assets (Net of Amortization)		99.420
Capital Assets (Net of Accumulated Depreciation)		13.907.942
Total Assets		20.687.358
Deferred Outflows of Resources		
Pensions		1.840.507
Deferred Charges From Refunding of Debt (Net of Amortization)		104.317
Other Post Employment Benefits		1.204.699
Total Deferred Outflows of Resources		3.149.523
Total Assets and Deferred Outflows of Resources	$	23.836.881
Liabilities		
Accounts Payable	$	20.702
Accrued Liabilities		11.546
Accrued Bond Interest Payable		4.186
Due To		
Other Governments		52
Teachers' Retirement System		346.999
Employees' Retirement System		42.642
Net Pension Liability - Proportionate Share		799.218
Noncurrent Liabilities		
Due Within One Year		
Bonds Payable		895.000
Lease Liability		39.666
Bond Premium		114.470
Due in More Than One Year		
Bonds Payable		1.505.000
Bond Premium		212.222
Compensated Absences		493.496
Lease Liability		18.000
Other Post Employment Benefits		4.481.108
Total Liabilities		8.984.307
Deferred Inflows of Resources		
Pensions		503.735
Other Post Employment Benefits		5.524.951
Total Deferred Inflows of Resources		6.028.686
Net Position		
Net Investment in Capital Assets		12.118.996
Restricted		5.045.298
Unrestricted (Deficit)		(8.340.406)
Total Net Position		8.823.888
Total Liabilities, Deferred Inflows of Resources and Net Position	$	23.836.881

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

		Program Revenues		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
General Support	$ 2,141,663	$	$	$ (2,141,663)
Instruction	7,671,320		931,032	(6,740,288)
Pupil Transportation	1,013,571			(1,013,571)
Community Service	500			(500)
Debt Service - Unallocated Interest	96,239			(96,239)
Food Service	333,231	10,091	273,272	(49,868)
Total Functions/Programs	$ 11,256,524	$ 10,091	$ 1,204,304	(10,042,129)
General Revenues				
Real Property Taxes, STAR and Other Real Property Items				2,711,456
Use of Money and Property				363,915
Sales of Property and Compensation for Loss				7,050
State and Federal Sources				7,849,876
Miscellaneous				202,498
Total General Revenues				11,134,795
Change in Net Position				1,092,666
Net Position, Beginning of Year				7,731,222
Net Position, End of Year				$ 8,823,888

The Accompanying Notes are an Integral Part of These Financial Statements.

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets							
Cash and Cash Equivalents	$ 866,639	$ 25,615	$ 26,467	$	$	$	$ 918,721
Restricted Cash and Cash Equivalents	3,869,341			59,808	263,686	852,243	5,045,078
Receivables							
Due From Other Governments	438,465	18,750	228,056				685,271
Due From Other Funds	254,773	512		470	60,568		316,323
Other Receivables	16,481						16,481
Inventory		14,445					14,445
Total Assets	$ 5,445,699	$ 59,322	$ 254,523	$ 60,278	$ 324,254	$ 852,243	$ 6,996,319
Liabilities							
Payables							
Accounts Payable	$ 20,702	$	$	$	$	$	$ 20,702
Accrued Liabilities	11,546						11,546
Due To							
Other Governments		52					52
Other Funds	982		254,523	250		60,568	316,323
Teacher's Retirement System	346,999						346,999
Employees' Retirement System	42,642						42,642
Total Liabilities	422,871	52	254,523	250		60,568	738,264
Fund Balance							
Nonspendable		14,445					14,445
Restricted	3,869,341			60,028	324,254	791,675	5,045,298
Assigned	490,718	44,825					535,543
Unassigned	662,769						662,769
Total Fund Balance	5,022,828	59,270		60,028	324,254	791,675	6,258,055
Total Liabilities and Fund Balance	$ 5,445,699	$ 59,322	$ 254,523	$ 60,278	$ 324,254	$ 852,243	$ 6,996,319

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2024

	Total Governmental Funds (Modified Accrual)	Long-Term Assets & Liabilities	Reclassifications and Eliminations	Statement of Net Position Total
Assets				
Cash and Cash Equivalents	$ 918,721	$	$	$ 918,721
Restricted Cash and Cash Equivalents	5,045,078			5,045,078
Receivables				
Due from Other Governments	685,271			685,271
Due from Other Funds	316,323		(316,323)	
Other Receivables	16,481			16,481
Inventory	14,445			14,445
Right to Use Leased Assets, (Net of Amortization)		99,420		99,420
Capital Assets (Net of Accumulated Depreciation)		13,907,942		13,907,942
Total Assets	6,996,319	14,007,362	(316,323)	20,687,358
Deferred Outflows of Resources		3,149,523		3,149,523
Total Assets and Deferred Outflows of Resources	$ 6,996,319	$ 17,156,885	$ (316,323)	$ 23,836,881
Liabilities				
Accounts Payable	$ 20,702	$	$	$ 20,702
Accrued Liabilities	11,546			11,546
Accrued Interest Payable		4,186		4,186
Bonds Payable		2,400,000		2,400,000
Bond Premium		326,692		326,692
Due To				
Due to Other Governments	52			52
Other Funds	316,323		(316,323)	
Teachers' Retirement System	346,999			346,999
Employees' Retirement System	42,642			42,642
Compensated Absences		493,496		493,496
Other Postemployment Benefits		4,481,108		4,481,108
Lease Liability		57,666		57,666
Net Pension Liability - Proportionate Share		799,218		799,218
Total Liabilities	738,264	8,562,366	(316,323)	8,984,307
Deferred Inflows of Resources		6,028,686		6,028,686
Fund Balance/Net Position	6,258,055	2,565,833		8,823,888
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	$ 6,996,319	$ 17,156,885	$ (316,323)	$ 23,836,881

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues							
Real Property Taxes	$ 2,391,360	$	$	$	$	$	$ 2,391,360
STAR and Other Real Property Tax Items	320,096						320,096
Use of Money and Property	276,341	122			87,452		363,915
Sale of Property and Compensation for Loss	7,050						7,050
Miscellaneous	169,636	11,720		21,142			202,498
State Aid	7,841,664	55,667	19,424				7,916,755
Federal Aid	8,212	217,605	911,608				1,137,425
School Lunch Sales		10,091					10,091
Total Revenues	11,014,359	295,205	931,032	21,142	87,452		12,349,190
Expenditures							
General Support	1,601,230			15,166		620,427	2,236,823
Instruction	4,620,219		859,871				5,480,090
Pupil Transportation	697,616		11,795			372,643	1,082,054
Community Service	500						500
Food Service Program		261,840					261,840
Employee Benefits	2,222,142	52,199	59,366				2,333,707
Debt Service - Principal	899,667						899,667
Debt Service - Interest	157,484						157,484
Total Expenditures	10,198,858	314,039	931,032	15,166		993,070	12,452,165
Excess (Deficit) Revenues Over Expenditures	815,501	(18,834)		5,976	87,452	(993,070)	(102,975)
Other Financing Sources (Uses)							
Transfers from Other Funds						467,096	467,096
Transfers to Other Funds	(467,096)						(467,096)
Total Other Financing Sources (Uses)	(467,096)					467,096	
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	348,405	(18,834)		5,976	87,452	(525,974)	(102,975)
Fund Balance, Beginning of Year	4,674,423	78,104		54,052	236,802	1,317,649	6,361,030
Fund Balance, End of Year	$ 5,022,828	$ 59,270	$	$ 60,028	$ 324,254	$ 791,675	$ 6,258,055

The Accompanying Notes are an Integral Part of These Financial Statements

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES AND EXPENDITURES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

Net Changes in Fund Balance - Total Governmental Funds		$ (102,975)
Capital Outlays to purchase, build, or lease assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation or amortization expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation and amortization expense in the period.		
Depreciation and Amortization Expense	(849,236)	
Capital Outlays	963,622	114,386
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of bond and lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Bonds issued at a premium create revenue for the governmental funds but that premium is amortized over the life of the bond in the Statement of Net Position.		
Bond and Lease Principal Payments	899,667	
Amortization of Deferred Charge On Advance Refunding Bonds	(54,952)	
Amortization of Premium on Bonds	114,470	959,185
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in Accrued Interest on Debt	1,727	
Change in Compensated Absences	6,087	
Change in Other Postemployment Benefits	432,991	
Change in Pension Expense	(318,735)	122,070
Change in Net Position Governmental Activities		$ 1,092,666

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Custodial Fund
Assets	
Cash and Cash Equivalents - Restricted	$ 61,207
Net Position	
Restricted for Extraclassroom Activities	$ 61,207
Total Liabilities and Net Position	$ 61,207

The Accompanying Notes are an Integral Part of These Financial Statements.

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

		Custodial Fund
Additions		
Charges for Services, Sale of Property, and Miscellaneous	$	54,483
Deductions		
Club Activities		44,025
Change in Net Position		10,458
Net Position, Beginning of Year		50,749
Net Position, End of Year	$	61,207

The Accompanying Notes are an Integral Part of These Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gilbertsville - Mount Upton Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as they apply 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.

Certain significant accounting principles and policies utilized by the School District are described below:

Reporting Entity

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education. 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 School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by GASB. 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 School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School 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 School District's reporting entity.

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School 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 School District's business office. The School District accounts for assets held as an agent for various student organizations in a custodial fund.

Joint Ventures

The School District is a component district in Delaware, Chenango, Madison, and Otsego Board of Cooperative Education Services (BOCES). 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.

Basis of Presentation

(a) District-Wide Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School 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, and depreciation expense are allocated to functional areas in proportion to the payroll expended and total expenditures, respectively 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.

(b) Fund Financial Statements

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

General Fund: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

Special Revenue Funds:

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

Miscellaneous Special Revenue Fund: This Fund is used to account for arrangements in which principal and income benefits annual third party awards and scholarships. Established criteria govern the use of the funds and members of the district or representatives of the donors may serve on committees to determine who benefits.

School Lunch Fund: This fund is used to account for and report transactions of the School District's food service operations.

Capital Projects Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds: This fund accounts for and reports all financial resources that are restricted to expenditures for principal and interest. Debt Service Funds should be used to report resources if legally mandated.

(c) Fiduciary Funds

Fiduciary funds are used to account for and report fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District, and are not available to be used. There is one class of fiduciary funds:

Custodial Funds: These funds are strictly custodial in nature. Assets are held by the School District as agent for various student groups or extraclassroom activity funds.

Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, State aid, 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 School 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.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other post-employment benefits, 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.

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 computation of encumbrances, compensated absences, other postemployment benefits, pension liabilities, potential contingent liabilities, and useful lives of long-lived assets.

Cash and Cash Equivalents

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of one year or less from date of acquisition. New York State law governs the School 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 the State and its municipalities and Districts.

Receivables

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

Inventories

The inventories of food and supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, donated by the U.S. Department of Agriculture, at the government's assigned value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The School District uses capitalization thresholds of $1,000, (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	Lives	Depreciation Method
Furniture, Equipment and Vehicles	4-20 Years	Straight Line
Buildings and Improvements	20-30 Years	Straight Line

Right to Use Leased Assets

The District has recorded right to use lease assets as a result of implementing GASB 87 -Leases. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease, which range from 3-5 years.

Deferred Outflow 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 three items that qualify for reporting in this category. The first 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 related to other postemployment benefits (OPEB) reported on the District-wide Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years. The third relates to a deferred outflow of funds due to a Deferred Charge on the Advance Refunding of Bonds. This charge is being amortized over the life of the remaining debt.

Property Taxes

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period September 1 to mid-November. Uncollected real property taxes are subsequently enforced by the counties of Otsego and Chenango. An amount, representing uncollected real property taxes transmitted to the counties for enforcement, is paid by the counties to the School District no later than the forthcoming April 1.

Interfund Transactions

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School 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.

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 10 to the financial statements.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. The first represents the effect of the net change in the District's proportion of the collective net pension liability (ERS and TRS System) and difference during the measurement periods 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 related to other postemployment benefits (OPEB) reported on the District-wide Statement of Net Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expenses over the next several years.

Compensated Absences

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

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

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability on the District-wide statements at year end. 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.

Other Benefits

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are 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 postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting.

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, 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 funds financial statements when due.

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

Deferred Revenue

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability is removed and revenues are recorded.

Equity Classifications

(a) District-wide Statements

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

Net investment in capital assets consists of net capital and right to use assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

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

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

(b) Fund Statements

The School District follows GASB's authoritative guidance under GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

Non-Spendable

This category 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 consists of inventory recorded in the School Lunch Fund.

Restricted Resources

This category 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. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

- ***Capital Reserve***

  The Capital Reserve is 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 people at any special or annual meeting. Such authorization is further required for payments from the capital reserve. The form of 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 Section 3651 of Education Law. This reserve is accounted for in the General Fund.

- ***Liability Reserve***

  The Property Loss and Liability Reserves [Education Law §1709(8)(c)] are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget. These reserves are accounted for in the General Fund.

- ***Unemployment Insurance Reserve***

  The Unemployment Insurance Reserve (GML §6-m) is 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 School 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.

- ***Retirement Contribution Reserve***

  The Retirement Contribution Reserve (GML 6-r) (Chapter 260 of the NYS Laws of 2004) is used to reserve funds for the payment of retirement contributions to the New York State and Local Employees' Retirement System. This reserve was established by a Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The 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. The Board of Education adopted a resolution in May 2019 to establish a sub-fund for the District. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law 6-r.

- ***Reserve for Employee Benefit Accrued Liability***

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

- ***Miscellaneous Special Revenue Fund***

  This fund is used to account for various endowment and scholarship awards.

- ***Debt Service Fund***

  This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

- ***Capital Project Fund***

  This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

- ***Committed*** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2024.
- ***Assigned*** – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than capital fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General Fund is also classified as Assigned Fund Balance in the General Fund.
- ***Unassigned*** – Includes all other fund resources that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

(c) Restricted for Extraclassroom Activities - This reserve is used to account for various student groups or extraclassroom activities. This reserve is accounted for in the Custodial Fund.

(d) Order of Use of Fund Balance

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School district and then determine the order of application of expenditures to which the fund balance classification will be charged.

Future Changes in Accounting Standards

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

2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

Total Fund Balances of Governmental Funds Compared To Net Position of Governmental Activities

The total fund balances of the School District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

Statement of Revenues, Expenditures, and Changes In Fund Balances Compared To Statement of Activities

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

(a) 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.

(b) Capital Related Differences

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

(c) Long-Term Debt Transaction Differences

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

(d) 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.

(e) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balances based on the requirements of New York State. These costs have been allocated based on total salary for each function on the Statement of Activities.

(f) 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.

3. STEWARDSHIP AND COMPLIANCE

Fund Balance Limitations

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2024, the School District's General Fund unassigned fund balance was 5.82% of the 2024-2025 budget, which is not in compliance with laws and regulations.

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which legal (appropriated) budgets are adopted:

The voters of the School District approved the proposed appropriations 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) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

Change from Adopted Budget to Revised Budget

Adopted Budget	$ 11,050,000
Add: Prior Year's Encumbrances	26,768
Original Budget	11,076,768
Add: Voter Approved Bus Purchases	367,096
Original and Final Budget	$ 11,443,864

The budget and actual comparison for the Special Revenue Funds (if any) reflects budgeted and actual amounts only for funds with legally authorized (appropriated) budgets.

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.

Encumbrances

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

4. CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's policy for custodial credit risk and New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

A. Uncollateralized;
B. Collateralized by securities held by the pledging financial institution, or
C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

As of June 30, 2024, the School District had bank balances of $6,784,004 of which $500,000 was fully insured by the FDIC. $6,284,004 was exposed to credit risk but fully collateralized by securities held by an agent of the pledging financial institution in the School District's name.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents of $3,869.341 in the General Fund for the year ended June 30, 2024 represents the following:

Capital Reserve	$ 1,923,402
Liability Reserve	228,686
Unemployment Insurance Reserve	238,495
Retirement Contribution Reserve	788,287
Employee Benefit Accrued Liability	690,471
Total	$ 3,869,341

Restricted cash and cash equivalents of $59,808 in the Miscellaneous Special Revenue Fund represents various expendable trust funds held by the District for scholarships and awards. Restricted cash and cash equivalents of $263,686 in the Debt Service Fund represents funds restricted for debt service of outstanding deficit financing bonds. Restricted cash and cash equivalents of $852,243 in the Capital Fund represents funds restricted for capital projects approved by the voters.

5. PARTICIPATION IN BOCES

During the year, the School District was billed $1,855,403 for BOCES' administrative and program costs. Financial statements for the BOCES are available from the BOCES' administrative office at 6678 County Road 32, Norwich, New York 13815.

During the year ended June 30, 2024, the School District issued no debt on behalf of BOCES. However, during 2008, the BOCES issued $47,755,000 in Revenue Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a payment included in the administrative budget of the BOCES over the term of the bonds. During 2024, $2,875,000 in principal payments were made and the outstanding balance at June 30, 2024, was $13,005,000. The Bonds were refinanced through DASNY in June 2015, to reduce the debt service expenditures over the remaining life of the bonds.

6. CAPITAL ASSETS & RIGHT TO USE LEASED ASSETS

Capital asset activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 80,000	$	$	$ 80,000
Construction in Progress		925,731		925,731
Total	80,000	925,731		1,005,731
Capital Assets Being Depreciated				
Buildings and Improvements	24,048,341			24,048,341
Furniture, Equipment and Vehicles	2,710,726	34,709	118,259	2,627,176
Total	26,759,067	34,709	118,259	26,675,517
Accumulated Depreciation				
Buildings and Improvements	11,239,393	576,031		11,815,424
Furniture, Equipment and Vehicles	1,884,070	192,071	118,259	1,957,882
Total	13,123,463	768,102	118,259	13,773,306
Net Capital Assets Being Depreciated	13,635,604	(733,393)		12,902,211
Net Capital Assets	$ 13,715,604	$ 192,338	$	$ 13,907,942

Depreciation expense of $768,102 is charged as follows:

Function/Program	
General Support	$ 188,650
Instruction	465,336
Pupil Transportation	91,882
School Lunch	22,234
Total Depreciation	$ 768,102

Right to use leased asset activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Equipment	$ 466,121	$ 3,183	$	$ 469,304
Total	466,121	3,183		469,304
Accumulated Amortization				
Leased Equipment	288,749	81,135		369,884
Total	288,749	81,135		369,884
Net Right to Use Leased Assets	$ 177,372	$ (77,952)	$	$ 99,420

Amortization expense of $81,135 is charged solely to instruction.

7. NONCURRENT LIABILITIES

Noncurrent liability balances and activity are as follows for the year ended June 30, 2024:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Bonds Payable					
Serial Bonds Payable	$ 3,260,000	$	$ 860,000	$ 2,400,000	$ 895,000
Bond Premium	441,162		114,470	326,692	114,470
Other Liabilities					
Lease Liability	97,333		39,667	57,666	39,666
Other Postemployment Benefits	4,340,331	447,235	306,458	4,481,108	
Compensated Absences	499,583		6,087	493,496	
Total Noncurrent Liabilities	$ 8,638,409	$ 447,235	$ 1,326,682	$ 7,758,962	$ 1,049,136

The General Fund has typically been used to liquidate noncurrent liabilities through budget appropriations.

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Long-Term Debt Maturity Schedule

The following is a statement of serial bonds with corresponding maturity schedules:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Ending Balance
General Fund					
Advance Refunding Bond	11/17	$ 2,810,000	06/25	2.00-5.00	$ 745,000
DASNY Revenue Bond	06/19	$ 2,280,000	06/33	3.00-5.00	1,655,000
Total					$ 2,400,000

Principal and interest payments due on serial bonds are as follows:

For the Year Ending June 30,	Serial Bonds Principal	Interest	Total
2025	$ 895,000	$ 111,800	$ 1,006,800
2026	160,000	67,050	227,050
2027	165,000	59,050	224,050
2028	175,000	50,800	225,800
2029	185,000	42,050	227,050
2030-2033	820,000	83,650	903,650
Total	$ 2,400,000	$ 414,400	$ 2,814,400

Interest on Long Term Debt

Interest paid on long-term debt for the year was $157,484.

Interest expense on the District-wide financial statements is calculated as follows:

Interest Paid	$ 157,484
Less: Interest Accrued in the Prior Year	(5,913)
Amortization of Bond Premium	(114,470)
Plus: Interest Accrued in the Current Year	4,186
Amortization of Bond Costs	54,952
Total Interest Expense on Long-Term Debt	$ 96,239

Advance Refunding

During November 2017, the School District issued $2,810,000 of Advance Refunding Serial Bonds. The bonds consist of serial bonds bearing various fixed rates ranging from 2.00% to 5.00% with annual maturities from June 2018 through June 2025.

The advance refunding was done in order to reduce future debt payments. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of approximately $100,539.

Deferred Charges From Refunding of Debt and Issuing New Debt

The cost of refunding serial bonds and issuing debt has been capitalized and recorded as a deferred outflow on the District-wide financial statements. The costs are being amortized using the straight-line method over the remaining time to maturity of the bonds. The current year amortization is $54,952 and is included as an addition to interest expense on the statement of activities.

Deferred Charge from Refunding of Debt	$ 390,249
Deferred Charge from Bond Issuance	86,390
Less: Accumulated Amortization	(372,322)
Net Refunding of Debt Costs	$ 104,317

Prior Year Defeasance of Debt

The School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2024, $2,825,000 of bonds outstanding are considered defeased.

Debt Limit

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consist of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation: such ratio is determined by the State Board of Real Property Services.

The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority. The District is in compliance with its constitutional debt limit at year end.

Serial Bond Premium

In 2011, 2017, and 2019, the District issued serial bonds for $7,955,000, $2,810,000 and $2,280,000, respectively. The serial bonds were issued at premiums of $355,000, $500,680 and $371,390, respectively. While these amounts were recognized as revenue in the Debt Service Fund, they are considered unearned revenue on the District-wide financial statements. The premiums are being amortized until the bonds mature between 2026 and 2033. Interest revenue amortized for the year ending June 30, 2024, was $114,470, and the remaining unamortized balance is reported as a deferred bond premium in the amount of $326,692.

Special Provisions Affecting Remedies Upon Default

In the event of a default in the payment of principal of and/or interest of the Bonds, the state Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

Lease Liability

The District has entered into agreements with the BOCES and other vendors to lease certain equipment such as copiers and other technology equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements. The agreements were executed on various dates ranging from March 16, 2019 to March 15, 2023 and are for a term of 3-5 years. Annual lease payments for these agreements range from $6,878 to $43,900. The lease liability is measured at a discount rate ranging from 5-7% which is stated in the lease agreements. As a result of these leases, the District has recorded a right to use asset with a net book value of $57,666 at June 30, 2024. The District has made some lump sum payments at the beginning of certain lease agreements and thus there are right to use assets with a net book value of $41,754 at June 30, 2024 with no corresponding lease liability.

For the Year Ending	Leases		
June 30,	Principal	Interest	Total
2025	$ 39,666	$ 4,918	$ 44,584
2026	6,000	879	6,879
2027	6,000	879	6,879
2028	6,000	879	6,879
Total	$ 57,666	$ 7,555	$ 65,221

Compensated Absences

Compensated absences represent vacation and sick time that has been earned by the School District employees but not used as of June 30, 2024.

8. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee 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. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2022, he was elected for a new term commencing January 1, 2023. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School 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.

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Under the authority of the NYSRSSL, 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. All required contributions for the NYSERS fiscal year ended March 31, 2024, were paid. The required contributions for the current year and two preceding years were:

	Amount	
2022	$	171,001
2023	$	134,483
2024	$	170,568

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

At June 30, 2024, the School District reported a liability of $620,710 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024, the School District's proportion was .0042156 percent, which was an increase of .0003553 percent from its proportionate share measured at June 30, 2023.

For the year ended June 30, 2024, the School District recognized pension expense of $301,530. At June 30, 2024, the School District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	199,930	$	16,925
Change of assumptions		234,677		
Net difference between projected and actual earnings on pension plan investments				303,214
Changes in proportion and differences between contributions and proportionate share of contributions		81,708		5,061
Contributions subsequent to the measurement date		42,642		
Total	$	558,957	$	325,200

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

Year ended June 30:

2025	$	(85,569)
2026		138,990
2027		196,670
2028		(58,976)

(d) Actuarial Assumptions

The total pension liability at March 31, 2024 was determined by using an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability to March 31, 2024. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2023 valuation were as follows:

Investment rate of return (net of investment expense, including inflation)	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation rate	2.90%

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-2021.

The actuarial assumptions used in the April 1, 2023 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 using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32.00%	4.00%
International equity	15.00%	6.65%
Private equity	10.00%	7.25%
Real estate	9.00%	4.60%
Opportunistic/ARS portfolio	3.00%	5.25%
Credit	4.00%	5.40%
Real assets	3.00%	5.79%
Fixed income	23.00%	1.50%
Cash	1.00%	0.25%
	100.00%	

** Real rates of return are net of the long-term inflation assumption of 2.90%*

(e) *Discount Rate*

The discount rate used to calculate the total pension liability was 5.9 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates. actuarially. Based upon the assumptions, the 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 liability.

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate share of the net pension liability (assets)	$ 1,951,576	$ 620,710	$ (490,839)

(g) *Pension Plan Fiduciary Net Position*

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

(h) *Payables to the Pension Plan*

The School District has recorded an amount due to ERS in amount of $42,642 in the General Fund at June 30, 2024. This amount represents the three months of the School District's fiscal year that will be included in the ERS 2024-2025 billing cycle and has been accrued as an expenditure in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) *Plan Description*

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits. The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org.

(b) *Contributions*

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of their salary to the System. Tier 5 members are required by law to contribute 3.5% of their salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of their salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity. The required employer contributions for the current year and two preceding years were:

	Amount	Rate
2022	284,847	9.80%
2023	289,036	10.29%
2024	303,194	9.76%

(c) ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2024, the School District reported a liability of $178,508 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the School District's proportionate share was .015609 percent, which was a decrease of .000394 percent from its proportionate share measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized pension expense of $507,404. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 432,834	$ 1,070
Change of assumptions	384,322	83,761
Net difference between projected and actual earnings on pensions plan investments	91,250	
Changes in proportion and differences between contributions and proportionate share of contributions	69,950	93,704
Contributions subsequent to the measurement date	303,194	
Total	$ 1,281,550	$ 178,535

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension liability. 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 June 30:

2024	$ 75,623
2025	(93,163)
2026	710,899
2027	43,793
2028	33,734
Thereafter	28,935

(d) Actuarial Assumptions

The total pension liability at June 30, 2023 measurement date was determined by using an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The actuarial valuation used the following actuarial assumptions.

Investment Rate of Return	6.95 % compounded annually, net of pension plan investment expense, including inflation.
Salary scale	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	**Rate**
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% compounded annually.
Inflation rate	2.4% compunded annually, net of pension plan investment expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP 2021, applied on a generational basis for June 30, 2023.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 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.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2023 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	33.0%	6.8%
International equity	15.0%	7.6%
Global equity	4.0%	7.2%
Real estate equity	11.0%	6.3%
Private equity	9.0%	10.1%
Domestic fixed income	16.0%	2.2%
Global bonds	2.0%	1.6%
Private debt	2.0%	6.0%
Real estate debt	6.0%	3.2%
High-yield bonds	1.0%	4.4%
Cash equivalents	1.0%	0.3%
	100.0%	

** Real rates of return are net of the long-term inflation assumption of 2.4% for 2023.*

(e) Discount Rate

The discount rate used to measure the pension liability (asset) was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those 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 liability.

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

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate share of the net pension liability (assets)	$ 2,718,763	$ 178,508	$ (1,957,957)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS in amount of $346,999 in the General Fund at June 30, 2024. This amount represents contribution for the 2023-2024 fiscal year that will be made in 2024-2025 and has been accrued as an expenditure in the current year.

9. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS

(a) Plan Description

The School District administers the payment of Postretirement Healthcare Benefits Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the School District subject to applicable collective bargaining and employment agreements.

(b) Benefits Provided

Superintendent of Schools

Per an agreement between Board of Education and the Superintendent of Schools. The Superintendent must retire under the NYSTRS, have at least 10 years of service with the District, and retire from the District not before the age of 55. The District pays 50% of single coverage or 35% of family coverage, and decreases 10% for each additional year past 10 years, up to 15 years. Surviving spouses are eligible to continue coverage under the plan by paying 35% of premiums for coverage.

Group 1 Employees (Supervisors, Administrators, and Exempt)

Per an agreement between the District and the Administrators' Association. An employee must be eligible to retire under either NYSTRS or NYSERS and have at least 10 years of service with the District and retire from the District not before the age of 55. The District pays 60% of single coverage premiums and 45% of family coverage. Surviving spouses are eligible to continue coverage under the plan by paying 100% of premiums for coverage.

Group 2 Employees (CSEA)

Per an agreement between the District and the various bargaining units. Employee must be eligible to retire from the district with at least 15 years of service and not before the age of 55. The District pays 50% of single coverage and 35% of family coverage premiums. Surviving spouses are eligible to remain in the plan by paying 100% of the premiums for coverage.

Teachers

Per an agreement between the District and the Teachers' Association. Employee must be eligible to retire from the district with at least 15 years of service and not before the age of 55. The District pays 60% of single coverage and 45% of family coverage premiums. Surviving spouses are eligible to remain in the plan by paying 100% of the premiums for coverage.

(c) Schedule of Required Contributions

The OPEB plan is currently unfunded. No assets have been set aside to fund the liabilities for this plan.

(d) Employees covered by benefit terms

At June 30, 2024, the following employees were covered by the benefit terms:

	Total
Active not eligible to retire	62
Active eligible to retire	0
Inactive employees entitled to but not yet receiving benefit payments	0
Retired and surviving spouses currently receiving benefits	37
Total	99

(e) Actuarial Methods and Assumptions

Actuarial Methods

The actuarial funding method used is the Entry Age Normal Cost Method. All actuarial methods and assumptions are chosen to be consistent with the requirements of GASB 75 and Actuarial Standards of Practice.

The Normal Cost is determined by calculating the present value of future benefits for present Active Members. This cost is then spread as a level percentage of earnings from entry age to termination as an Active Member. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the Accrued Liability. In fact, it is calculated by adding the present value of benefits for Retired Members and Terminated Vested Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The Normal Cost and Accrued Liability are derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the calculation must be regarded as estimates of the true costs of the Plan.

The July 1, 2022 Actuarial Valuation directly calculated the July 1, 2022 Total OPEB Liability (TOL). The July 1, 2022 TOL was increased by service cost and interest and decreased by demographic gains or losses, assumptions changes or inputs, and benefit payments to estimate the TOL as of June 30, 2024. The TOL as of June 30, 2024 was also adjusted to reflect any material plan changes after the valuation, if applicable.

Actuarial Assumptions

Discount Rate

3.93% (based on the Bond Buyer General Obligation 20-Bond Municipal Index as of the measurement date).

Inflation Rate

2.40%

Salary Scale

2.40%

Mortality

PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

Future Retiree Coverage

100% of future eligible retirees are assumed to elect coverage at retirement. 0% of active members currently taking a buyout or waiving coverage are assumed to elect coverage at retirement.

Future Dependent Coverage

50% of current active members are assumed to elect dependent coverage at retirement. All female spouses are assumed to be three years younger than males. For current retirees. actual census information was used.

No surviving spouses are assumed to continue coverage after the death of the retiree.

Future Post-65 Coverage

100% of future retirees and spouses are assumed to continue coverage past age 65.

Termination Rates

Based on the assumptions used in the June 30. 2021 Actuarial Valuation Report for the New York State Teachers' Retirement System and the 2020 Annual Report to the Comptroller on Actuarial Assumptions for the New York State and Local Retirement System.

(f) Changes in the Total OPEB Liability

The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Beginning at June 30, 2023:	$ 4,340,331
Changes for the year:	
Service Cost	232,900
Interest	164,722
Effect of Plan Changes	49,613
Effect of Assumption Changes or Inputs	(184,762)
Benefit Payments	(121,696)
Net Changes:	140,777
Balance at June 30, 2024	$ 4,481,108

(g) Sensitivity of the total OPEB liability to changes in the discount rate

The discount rate assumption can have a profound impact on total liabilities. The following exhibit demonstrates the effect a 1 percent change in the discount rate assumption would have on liabilities.

	1% Decrease (2.93%)	Current Assumption (3.93%)	1% Increase (4.93%)
Total OPEB liability	$ 5,192,148	$ 4,481,108	$ 3,898,243

(h) Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

Healthcare costs can be subject to considerable volatility over time. The following exhibit demonstrates the effect on liabilities of a 1 percent change in the healthcare cost trend rates.

	1% Decrease (5.8%-2.8%)	Current Assumption (6.8%-3.8%)	1% Increase (7.8%-4.8%)
Total OPEB liability	$ 3,714,485	$ 4,481,108	$ 5,469,649

(i) OPEB Expense

The OPEB Expense reflects the costs to the OPEB plan incurred during the year, including the service cost, interest cost, immediate recognition of the impact of all plan provision changes, and the amortization of gains and losses due to experience or changes in the assumptions.

Calculation of the OPEB Expense (Gain)	
Service cost	$ 232,900
Interest cost	164,722
Effect of plan changes	49,613
Recognition of demographic gains or losses	(1,042,252)
Recognition of assumption changes or inputs	283,722
Total OPEB Expense (Gain)	$ (311,295)

(j) Deferred Outflows and Inflows of Resources Related to OPEB

The following deferrals of outflows were reported during the fiscal year.

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (4,480,853)	$ 1,094
Changes of assumptions	(1,044,098)	1,203,605
Total	$ (5,524,951)	$ 1,204,699

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
2025	$ (758,530)
2026	(758,530)
2027	(995,201)
2028	(1,109,241)
2029	(471,825)
Thereafter	(226,925)

10. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
Fund	Receivables	Payables	Revenues	Expenditures
General	$ 254,773	$ 982	$	$ 467,096
School Lunch	512			
Special Aid		254,523		
Debt Service	60,568			
Capital Fund		60,568	467,096	
Misc. Special Revenue	470	250		
Total	$ 316,323	$ 316,323	$ 467,096	$ 467,096

- The School District transferred a total of $467,096 from the General Fund to the Capital Fund as a funding source for an approved local capital outlay project and bus purchases.
- All interfund payables are expected to be repaid within one year.
- Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

11. FUND BALANCE

The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet:

	General	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital	Total
Nonspendable	$	$ 14.445	$	$	$	$ 14.445
Restricted						
Capital Reserve	1,923.402					1,923,402
Liability Reserve	228.686					228,686
Unemployment Insurance Reserve	238.495					238,495
Retirement Contribution Reserve	788.287					788.287
Employee Benefit Accrued Liability Reserve	690.471					690,471
Miscellaneous Special Revenue Fund			60.028			60,028
Debt Service Fund				324.254		324,254
Capital Project Fund					791.675	791.675
Total Restricted	3.869.341		60.028	324.254	791.675	5.045.298
Assigned						
School Lunch Fund		44.825				44,825
Encumbrances	12.288					12,288
Appropriated for Subsequent Year's Budget	478.430					478.430
Total Assigned	490.718	44.825				535.543
Unassigned	662.769					662.769
Total Fund Equity	$ 5.022.828	$ 59.270	$ 60.028	$ 324.254	$ 791.675	$ 6.258.055

The following is a summary of the change in selected general fund restricted funds during the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Reserve	$ 1,653,297	$ 637.201	$ 367,096	$ 1,923,402
Liability Reserve	217,043	11.643		228,686
Unemployment Insurance Reserve	226.353	12.142		238,495
Retirement Contribution Reserve	744,579	343.708	300,000	788,287
Employee Benefit Accrued Liability	669.798	35.673	15.000	690.471
Total	$ 3.511.070	$ 1.040.367	$ 682.096	$ 3.869.341

12. RISK MANAGEMENT

General Information

The School 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.

Risk Financing and Related Insurance

(a) Worker's Compensation Insurance Plan

Gilbertsville-Mount Upton Central School District participates with 28 other school districts in the Madison-Oneida-Herkimer Worker's Compensation Plan Consortium for its workers' compensation insurance coverage. Entities joining the plan must remain members for a minimum of one year: a member may withdraw from the plan after that time by submitting a notice of withdrawal 30 days prior to the plan's year end. 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 claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims' liabilities are charged or credited to expense in the periods in which they are made. The Consortium is a shared-risk public entity risk pool, whereby each district pays annual premiums based on the expected aggregate claims for all enrollees. Paid claims are also accounted for in the aggregate with individual district activity not being traced separately. Due to this arrangement, a possible contingent liability exists for Gilbertsville-Mount Upton Central School District as a result of the possibility that any participating school district may have actual claims less than the annual premium and try to recover its portion due to it through the Consortium participants. During the year ended June 30, 2024, Gilbertsville - Mount Upton Central School District incurred premiums or contribution expenditures of $39,719.

Certain required disclosures are not presented because information on an individual School District is unavailable from the Plan. Financial statements for the Madison-Oneida-Herkimer Worker's Compensation Plan Consortium are available from its office located at 4937 Spring Road, Verona, New York 13478.

(b) Health Insurance Plan

The School District participates in the Catskill Area Schools Employee Benefit Plan (CASEBP) consisting of 19 other governmental entities for their health coverage. Entities joining the plans must remain members for a minimum of one year; a member may withdraw from the plans after that time by submitting a notice of withdrawal 30 days prior to the plans' year end. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plans' assets were to be exhausted, members would be responsible for the plan's liabilities. The plans use 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 plans establish a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The Consortiums are shared-risk public entity risk pools whereby each entity pays annual premiums as follows: Health Consortium - Monthly premium from individual members based on the type of coverage selected. Premiums paid to the Health Consortium totaled $1,367,516 for the year ended June 30, 2024. Paid claims are accounted for in the aggregate with individual entity activity not being tracked separately.

Certain required disclosures are not presented because information on an individual School District is unavailable from the Consortium. Financial statements for the Consortium are available from its office located at 2020 Jump Brook Road, Grand Gorge, New York 12434.

(c) Other Risks

The School District continues to maintain commercial insurance policies for all other risks of loss such as general liability.

13. CONTINGENCIES AND COMMITMENTS

Potential Grantor Liability

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2024, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	General Fund
Encumbrances	
General Support	$ 9,931
Pupil Transportation	2,357
Total Encumbrances	$ 12,288

14. SUBSEQUENT EVENTS

The District closed on Bond Anticipation Notes on July 11, 2024 in the amount of $2,500,000 with an interest rate of 3.82% for the purpose of temporarily financing the District's $5,200,000 capital project.

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Local Sources					
Real Property Taxes	$ 2,370,000	$ 2,370,000	$ 2,391,360		$ 21,360
Other Real Property Tax Items	343,700	343,700	320,096		(23,604)
Use of Money and Property	55,000	55,000	276,341		221,341
Sale of Property and Compensation for Loss	12,500	12,500	7,050		(5,450)
Miscellaneous	133,500	133,500	169,636		36,136
State Aid	7,782,800	7,782,800	7,841,664		58,864
Federal Aid	17,500	17,500	8,212		(9,288)
Total Revenues	10,715,000	10,715,000	11,014,359		299,359
Other Financing Sources					
Appropriated Reserve		367,096			(367,096)
Appropriated Fund Balance	361,768	361,768			(361,768)
Total Revenues and Other Financing Sources	$ 11,076,768	$ 11,443,864	11,014,359		$ (429,505)

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
Expenditures					
General Support					
Board of Education	$ 14,650	$ 16,377	12,627	$	$ 3,750
Central Administration	214,217	222,602	222,189		413
Finance	265,700	277,703	273,949		3,754
Staff	160,567	199,827	191,647		8,180
Central Services	796,988	780,307	628,329	9,931	142,047
Special Items	272,745	276,114	272,489		3,625
Total General Support	1,724,867	1,772,930	1,601,230	9,931	161,769
Instruction					
Instruction, Administration, and Improvement	220,484	221,353	209,889		11,464
Teaching - Regular School	2,188,041	2,097,847	1,982,664		115,183
Programs for Children With Special Needs	1,586,999	1,784,081	1,599,175		184,906
Occupational Education	259,275	260,000	259,298		702
Teaching - Special School		7,365	6,633		732
Instructional Media	349,549	299,494	270,136		29,358
Pupil Services	334,910	333,342	292,424		40,918
Total Instruction	4,939,258	5,003,482	4,620,219		383,263
Pupil Transportation	721,685	752,876	697,616	2,357	52,903
Community Services	1,000	1,000	500		500
Employee Benefits	2,519,658	2,333,829	2,222,142		111,687
Debt Service - Principal	860,000	899,667	899,667		
Debt Service - Interest	160,300	162,984	157,484		5,500
Total Expenditures	10,926,768	10,926,768	10,198,858	12,288	715,622
Other Financing Uses					
Transfers to Other Funds	150,000	517,096	467,096		50,000
Total Expenditures and Other Financing Uses	$ 11,076,768	$ 11,443,864	10,665,954	$ 12,288	$ 765,622
Net Change in Fund Balance			348,405		
Fund Balance - Beginning of Year			4,674,423		
Fund Balance - End of Year			$ 5,022,828		

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
For the Year Ended June 30, 2024

ERS Pension Plan
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 170,568	$ 134,483	$ 171,001	$ 164,171	$ 154,123	$ 154,413	$ 147,368	$ 138,471	$ 152,130	$ 180,989
Contributions in Relation to the Contractually Required Contribution	170,568	134,483	171,001	164,171	154,123	154,413	147,368	138,471	152,130	180,989
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
School District's Covered-ERS Employee Payroll	$ 1,334,449	$ 1,188,107	$ 1,053,395	$ 1,134,268	$ 1,061,231	$ 1,048,160	$ 987,643	$ 916,269	$ 875,498	$ 901,855
Contributions as a Percentage of Covered-Employee Payroll	12.78%	11.32%	16.23%	14.47%	14.52%	14.73%	14.92%	15.11%	17.38%	20.07%

TRS Pension Plan
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 303,194	$ 289,036	$ 284,847	$ 228,548	$ 238,871	$ 287,885	$ 266,705	$ 339,474	$ 363,923	$ 429,882
Contributions in Relation to the Contractually Required Contribution	303,194	289,036	284,847	228,548	238,871	287,885	266,705	339,474	363,923	429,882
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
School District's Covered-TRS Employee Payroll	$ 3,106,496	$ 2,808,902	$ 2,906,602	$ 2,398,195	$ 2,696,061	$ 2,710,782	$ 2,721,480	$ 2,896,536	$ 2,744,517	$ 2,452,265
Contributions as a Percentage of Covered-Employee Payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET
For the Year Ended June 30, 2024

ERS Pension Plan
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Asset/Liability	0.0042156	0.0038603	0.0030866	0.0032194	0.0031539	0.0032883	0.0031364	0.00289	0.00298	0.00295
District's Proportionate Share of the Net Pension Asset (Liability)	$ (620,710)	$ (827,796)	$ 252,316	$ (3,206)	$ (835,177)	$ (232,987)	$ (101,226)	$ (272,011)	$ (478,754)	$ (99,733)
District's Covered-Employee Payroll	$ 1,334,449	$ 1,188,107	$ 1,053,395	$ 1,134,268	$ 1,061,231	$ 1,048,160	$ 987,643	$ 916,269	$ 875,498	$ 901,855
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered-Employee Payroll	(46.51%)	(69.67%)	23.95%	(0.28%)	(78.70%)	(22.23%)	(10.25%)	(29.69%)	(54.68%)	(11.06%)
Plan Fiduciary Net Position as a Percentage of Total Pension Asset/Liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

TRS Pension Plan
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Asset/Liability	0.015609	0.016003	0.013838	0.015351	0.015466	0.016082	0.016571	0.016252	0.016325	0.016243
District's Proportionate Share of the Net Pension Asset (Liability)	$ (178,508)	$ (307,084)	$ 2,398,078	$ (424,184)	$ 401,817	$ 290,810	$ 125,956	$ (174,061)	$ 1,695,668	$ 1,809,359
District's Covered-Employee Payroll	$ 2,808,902	$ 2,906,602	$ 2,398,195	$ 2,696,061	$ 2,710,782	$ 2,721,480	$ 2,896,536	$ 2,744,517	$ 2,452,265	$ 2,399,329
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered-Employee Payroll	(6.36%)	(10.57%)	100.00%	(15.73%)	14.82%	10.69%	4.35%	(6.34%)	69.15%	75.41%
Plan Fiduciary Net Position as a Percentage of Total Pension Asset/Liability	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGES IN THE DISTRICTS
TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2024

Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
	2024*	2023*	2022*	2021*	2020*	2019*	2018*
Service Cost	$ 232,900	$ 228,852	$ 374,256	$ 345,317	$ 499,787	$ 371,191	$ 382,618
Interest	164,722	182,631	133,306	275,006	349,463	248,095	235,443
Effect of Plan Changes	49,613					478,876	
Effect of Demographic Gains or Losses		(744,104)		(7,159,896)		(765,493)	4,034
Effect of Assumption Changes or Inputs	(184,762)	(180,827)	(1,227,854)	368,238	1,942,606	1,476,487	
Benefit Payments	(121,696)	(151,566)	(142,665)	(116,840)	(238,423)	(207,932)	(170,220)
Net Change in Total OPEB Liability	140,777	(665,014)	(862,957)	(6,288,175)	2,553,433	1,601,224	451,875
Total OPEB Liability - Beginning of Year	4,340,331	5,005,345	5,868,302	12,156,477	9,603,044	8,001,820	7,549,945
Total OPEB Liability - End of Year	$ 4,481,108	$ 4,340,331	$ 5,005,345	$ 5,868,302	$ 12,156,477	$ 9,603,044	$ 8,001,820
Covered Employee Payroll	$ 2,933,924	$ 2,933,924	$ 2,944,774	$ 2,944,774	$ 3,322,121	$ 3,322,121	$ 4,066,984
Total OPEB Liability as a Percentage of Covered Payroll	152.73%	147.94%	169.97%	199.28%	365.93%	289.06%	196.75%

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

Notes to Required Supplementary Information:

Changes of Assumptions: Discount rate increased from 3.65% to 3.93%. Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs during the term of the projections. they have chosen not to make an adjustment in the expected plan costs. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

Actuarial Assumptions: The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 9 to the financial statements.

Plan Assets: No assets are accumulated in a trust that meets all of the following criteria of GASB No. 75, paragraph 4, to pay benefits.

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
For the Year Ended June 30, 2024

Change from Adopted Budget to Revised Budget

Adopted Budget		$ 11,050,000
Add: Prior Year's Encumbrances		26,768
Original Budget		11,076,768
Add: Voter Approved Bus Purchases		367,096
Original and Final Budget		$ 11,443,864

Section 1318 of Real Property Tax Law Limit Calculation

2024-25 Voter-Approved Expenditure Budget		$ 11,385,000
Maximum Allowed (4% of 2024-25 Budget)		$ 455,400
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted fund balance:		
Assigned fund balance	$ 490,718	
Unassigned fund balance	662,769	
Total unrestricted fund balance	1,153,487	
Less:		
Appropriated fund balance	478,430	
Encumbrances included in committed and assigned fund balance	12,288	
Total adjustments	490,718	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 662,769
Actual percentage		5.82%

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2024

			Expenditures				Methods of Financing				
	Original Authorization	Revised Authorization	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Federal and State Aid	Local Sources	Total	Fund Balance June 30, 2024
PROJECT TITLE											
2022 Buses and Vehicles	$ 266,200	$ 266,200	$ 303,749	$	$ 303,749	$ (37,549)	$	$	$ 313,450	$ 313,450	$ 9,701
$5.2M Capital Project	5,200,000	5,200,000	17,252	535,836	553,088	4,646,912			1,000,000	1,000,000	446,912
2023 Buses and Vehicles	325,200	325,200		325,168	325,168	32			325,200	325,200	32
2023 Local Project	100,000	100,000		84,591	84,591	15,409			100,000	100,000	15,409
2024 Buses and Vehicles	367,096	367,096		47,475	47,475	319,621			367,096	367,096	319,621
Totals	$ 6,258,496	$ 6,258,496	$ 321,001	$ 993,070	$ 1,314,071	$ 4,944,425	$	$	$ 2,105,746	$ 2,105,746	$ 791,675

See Independent Auditor's Report.

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2024

Capital Assets, Net	$ 13,907,942
Add:	
Unamortized Deferred Charge on Bonds	104,317
Right to Use Leased Assets, Net of Amortization	99,420
Capital Fund Unspent Proceeds	791,675
Total Additions	995,412
Deduct:	
Lease Liability	57,666
Remaining Premium on Bonds Payable	326,692
Short-Term Portion of Bonds Payable	895,000
Long-Term Portion Bonds Payable	1,505,000
Total Deductions	2,784,358
Net Investment in Capital Assets	$ 12,118,996

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Gilbertsville - Mount Upton Central School District, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gilbertsville - Mount Upton Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Gilbertsville - Mount Upton Central School District's basic financial statements, and have issued our report thereon dated September 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gilbertsville - Mount Upton 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 Gilbertsville - Mount Upton Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gilbertsville - Mount Upton 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 school district's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the school 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 school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

September 11, 2024

Utica, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education
Gilbertsville - Mount Upton Central School District, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gilbertsville - Mount Upton Central School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Gilbertsville - Mount Upton Central School District's major federal programs for the year ended June 30, 2024. Gilbertsville - Mount Upton 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, Gilbertsville - Mount Upton Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Gilbertsville - Mount Upton 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 Gilbertsville - Mount Upton 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 Gilbertsville - Mount Upton 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, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

D'Arcangelo + Co., LLP

September 11, 2024

Utica, New York

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Federal ALN	Agency or Pass-through Number	Current Year Expenditures	Expenditures to Subrecipients
United States Department of Agriculture				
Passed Through New York State, Department of Education:				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	N/A	$ 11,604	$
Cash Assistance				
National School Breakfast Program	10.553	N/A	55,432	
National School Lunch Program	10.555	N/A	150,569	
Child Nutrition Discretionary Grants Limited Availability (Equipment)	10.579	N/A	9,755	
Total Child Nutrition Cluster and Department of Agriculture			227,360	
United States Department of Education				
Passed Through New York State, Department of Education:				
Title I Grants to LEAs	84.010	0021-23-2375	10,369	
Title I Grants to LEAs	84.010	0021-24-2375	112,991	
			123,360	
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	0032-24-0720	110,890	
Special Education Preschool Grants	84.173	0033-24-0720	452	
Total Special Education Cluster (IDEA)			111,342	
Student Support and Academic Enrichment Grant	84.424	0204-24-2375	10,000	
Improving Teacher Quality State Grants	84.367	0147-24-2375	14,014	
Rural Education Achievement Program	84.358B	0006-23-2375	9,579	
Rural Education Achievement Program	84.358B	0006-24-2375	8,245	
			17,824	
COVID - 19 Education Stabilization Fund				
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5870-24-9101	201,707	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-2375	276,533	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5882-21-2375	32,538	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5883-21-2375	4,492	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5884-21-2375	110,043	
Total			625,313	
Total Department of Education			901,853	
Total Federal Awards Expended			$ 1,129,213	$

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Gilbertsville - Mount Upton Central School District. The School District's organization is defined in Note 1 to the School District's basic financial statements.

Basis of Accounting

The expenditures in the accompanying schedule are presented on an accrual basis of accounting. The information in this schedule is presented in accordance with the of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements

Cluster Programs

The following programs are identified by "OMB Compliance Supplement" to be part of a cluster of programs:

U.S. Department of Education
Special Education Cluster

ALN #84.027	Special Education - Grants to States (IDEA, Part B)
ALN #84.173	Special Education - Preschool Grants (IDEA Preschool)

Child Nutrition Cluster

ALN #10.553	National School Breakfast Program
ALN #10.555	National School Lunch Program
ALN #10.555	Non-cash Assistance (Food Distribution)

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2024, the School District has food commodities in inventory of $6,320.

Donated Personal Protective Equipment (Unaudited)

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of donated PPE, but such amounts are not included in the Schedule of Expenditures of Federal Awards. The School District did not receive any donated PPE during the reporting year.

GILBERTSVILLE - MOUNT UPTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2024

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	U.S. Department of Education COVID-19 Education Stabilization Fund ALN # 84.425U American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

Findings – Financial Statement Audit

No findings noted in the current year.

Findings and Questioned Costs – Major Federal Award Program Audit

No findings noted in the current year.

Findings – Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs

None.