

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

*In the opinion of WJ Marquardt PLLC, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. (See "TAX MATTERS" herein.)*

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

**\$2,944,000**

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT  
JEFFERSON COUNTY, NEW YORK**

**GENERAL OBLIGATIONS**

**CUSIP BASE #: 187000**

**\$844,000 Bond Anticipation Notes, 2025 Series A (Renewals)**  
(the "Series A Notes")

**Dated: June 26, 2025**

**Due: June 26, 2026**

**&**

**\$2,100,000 Bond Anticipation Notes, 2025 Series B**  
(the "Series B Notes")  
(collectively referred to herein as the "Notes")

**Dated: July 2, 2025**

**Due: July 2, 2026**

The Notes are general obligations of the Sackets Harbor Central School District, Jefferson County, New York (the "District"). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF THE OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. **The Notes are not subject to redemption prior to maturity.**

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

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

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinion as to the validity of the Notes of WJ Marquardt PLLC, Bond Counsel, Skaneateles, New York. It is anticipated that the Series A 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 June 26, 2025. It is anticipated that the Series B 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 2, 2025.



**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com) on June 12, 2025 by no later than 10:00 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services 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.**

June 5, 2025

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, 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 NOTICES 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.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT  
JEFFERSON COUNTY, NEW YORK**

**SCHOOL DISTRICT OFFICIALS**

**2024-2025 BOARD OF EDUCATION**

ANGELA GREEN  
President



DAVID ALTIERI  
Vice President

CHERYL CHAIF  
MARK MALONE  
BRIAN ROBBINS

\* \* \* \* \*

JENNIFER L. GAFFNEY  
Superintendent of Schools

JENNIFER DEFOREST  
District Clerk

AUDREY STEVENSON  
Business Official/Treasurer



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

**WJ MARQUARDT** PLLC  
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**of the**  
**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**  
**JEFFERSON COUNTY, NEW YORK**

**Relating To**  
**\$844,000 Bond Anticipation Notes, 2025 Series A**  
**&**  
**\$2,100,000 Bond Anticipation Notes, 2025 Series B**

This Official Statement, which includes the cover page, has been prepared by the Sackets Harbor Central School District, Jefferson County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$844,000 principal amount of Bond Anticipation Notes, 2025 Series A (the "Series A Notes") and \$2,100,000 principal amount of Bond Anticipation Notes, 2025 Series B (the "Series B Notes")(collectively referred to herein as the "Notes").

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

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

**NATURE OF OBLIGATION**

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

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

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

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

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

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

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

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

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

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

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

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

## THE NOTES

### Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal 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" hereunder and "TAX LEVY LIMITATION LAW" herein.

The Series A Notes are to be dated June 26, 2025 and will 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 Series B Notes are to be dated July 2, 2025 and will mature, without option of prior redemption, on July 2, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) the name of the purchaser(s), as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

### **No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

### **Purpose of Issue**

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on September 17, 2024 authorizing the a capital improvement project at a cost not to exceed \$3,500,000, using \$500,000 Capital reserve Funds and the issuance of Serial Bonds and Notes in an amount not to exceed \$3,000,000.

On November 21, 2024 the District issued \$900,000 bond anticipation notes to mature on June 27, 2025, the proceeds of which provided \$900,000 of initial financing for the aforementioned project. The proceeds of the Series A Notes along with \$56,000 available funds of the District will partially redeem and renew the outstanding bond anticipation notes. The proceeds of the Series B Notes will provide \$2,100,000 in new money for the aforementioned project to fully exhaust the authorized borrowing amount.

### **BOOK-ENTRY-ONLY SYSTEM**

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, 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](http://www.dtcc.com) and [www.dtc.org](http://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 Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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 OR REDEMPTION PREMIUM ON THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE 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 OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER 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 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 of the Notes upon issuance and later discontinued, the following provisions will apply:



The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, except one necessary odd denomination with respect to the Series A Notes. Principal of and interest on the Notes will be payable at the option of the School District at the offices of the School District or, at the option of the purchaser, 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, with paying agent fees to be paid by the purchaser. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District, encompassing approximately 70 square miles, is located on the eastern shore of Lake Ontario, about 10 miles west of Watertown. Major highways serving the District include The New York State Thruway (I #90), State Route #690 and Route #81.

The District is primarily residential and commercial in nature. There are numerous commercial establishments located within the District, including many restaurants, marinas, a gas station/convenience, a dollar store and many other retail stores. Residential properties are mostly single-family homes, but there are apartment and condominium developments.

The District includes Houndsfield (including the Village of Sackets Harbor), a part of Henderson and a part of Adams. The population of the Village of Sackets Harbor, where the school is located, is approximately 1,500 persons year-round. The area enjoys substantial commerce from the tourism industry and during the summer, the population increases substantially. The Madison Barracks, a historic site, includes a 50-unit rental housing apartment complex described as “fair market housing”. It assists in meeting the Fort Drum housing needs. The development and infrastructure improvements of this area also include single family housing in sub-divided lots along the shore of Lake Ontario that were characterized as “high end” building lots. A smart farm platform, Agbotic, is growing and expanding its facilities with a mission as a carbon negative farm to create a healthier world where everyone has access to local organic food, and regenerative plant-based products while restoring the environment.

Police protection is afforded residents by Village, Town, County and State agencies. Fire protection is provided by various volunteer groups. Gas and electricity are furnished by National Grid. Sewer treatment is provided by the Village of Sackets Harbor.

Source: District officials.

District Population

The population of the District is estimated to be 3,555. (Source: 2023 U.S. Census Bureau estimate.)

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Medium Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns of:						
Adams	\$ 24,398	\$ 28,353	\$ 37,637	\$ 61,154	\$ 83,574	\$103,333
Henderson	28,305	35,907	62,839	67,679	82,557	97,857
Hounsfield	28,733	36,960	44,140	71,827	88,623	104,722
County of:						
Jefferson	21,823	28,120	34,603	51,834	66,711	80,333
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: 2020-2024 American Community Survey estimates are not available as of the date of this Official Statement.

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

## Larger Employers

The Larger Employers and estimated number of employees located within the County are as follows:

<u>Company</u>	<u>Type</u>	<u>Number of Employees</u>
Fort Drum	U.S. Army	19,748 <sup>(1)</sup>
Samaritan Medical Center	Healthcare	2,453 <sup>(2)</sup>
New York State	Government	1,921 <sup>(3)</sup>
Watertown City School District	Public School	836
Jefferson County	Government	790
Indian River School District	Public School	670
Carthage School District	Public School	630
Jefferson Rehabilitation Center	Healthcare	557
Jefferson-Lewis BOCES	Vocational Education	438
Carthage Area Hospital	Healthcare	384
South Jefferson School District	Public School	373
City of Watertown	Government	397
New York Air Brake Corporation	Manufacturer	355
Jefferson Community College	Education	290
Defense Support Services, LLC	Manufacturer	280
Car Freshner Corporation	Manufacturer	279
Watertown Family YMCA	Recreation and Child Care	239
Johnson Newspaper Corporation	Publisher	222

<sup>(1)</sup> This amount includes military and civilians. Both of these are expected to increase substantially with the increased number of troops stationed at the base. Due to military deployment, the actual number of personnel is frequently changing.

<sup>(2)</sup> This amount includes the Samaritan Medical Center, Samaritan Keep and Samaritan Summit Village.

<sup>(3)</sup> New York State employment includes all regional state offices and one correctional facility (Cape Vincent).

Source: County Officials and Jefferson County Economic Development.

## 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 Jefferson County. The information set forth below with respect to County and the State of New York is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that County or State is necessarily representative of the District, or vice versa.

	<u>Annual Averages</u>						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Jefferson County	5.5%	5.3%	8.4%	5.1%	4.1%	4.1%	4.4%
New York State	4.1%	3.9%	9.8%	7.1%	4.3%	4.1%	4.3%

	<u>2025 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Jefferson County	5.8%	6.0%	5.2%	3.8%	N/A	N/A
New York State	4.3%	4.5%	4.2%	3.6%	N/A	N/A

Note: Unemployment rates for the months of May and June 2025 are unavailable as of the date of this Official Statement.

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

## Form of School Government

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

## **Budgetary Procedures**

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared, a 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 the qualified voters on May 12, 2024 by a vote of 106 to 29. The District’s budget for 2024-25 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 2.95%, which is equal to the District tax levy limit of 2.95%.

The budget for the 2025-26 fiscal year was approved by the qualified voters on May 20, 2025 by a vote of 209 to 43. The District’s budget for 2025-26 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 2.68%, which is equal to the District tax levy limit of 2.68%.

## Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in:

- a) Obligations of the State of New York.
- b) Obligations of the United States Government, or any obligations for which principal and interest are fully guaranteed by the United States Government.
- c) Time Deposit Accounts placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law. (Banking Law Section 237(2) prohibits a savings bank from accepting a deposit from a local government. This also applies to savings and loan associations.)
- d) Transaction accounts (demand deposits) both interest bearing and non-interest bearing that do not require notice of withdrawal placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law.
- e) Certificates of Deposits placed in a commercial bank authorized to do business in the State of New York providing the Certificates are collateralized as required by law.
  - 1. Deposits in excess of the amount insured by the Federal Deposit Insurance Corporation will be secured in accordance with subdivision 3 of the General Municipal Law Section 10.
  - 2. The District may, in its discretion, authorize the bank designated for the deposit of District funds to arrange for the redeposit of such funds in one or more banking institutions, for the account of the District, through a deposit placement that meets the conditions set forth in General Municipal Law Section 10(2)(a)(ii).
- f) Securities purchased pursuant to a Repurchase Agreement whereby one-party purchases securities from a second party and the second party agrees to repurchase those same securities on a specific future date at an agreed return (the interest rate).

## State Aid

The District receives financial assistance from the State. In its budget for the 2025-2026 fiscal year, approximately 47.53% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner in any year municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of the State's fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, twenty-eight (28) days after the April 1 deadline, the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

#### Federal aid received by the State

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

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

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

#### Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 79.6% 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.

## State aid history

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

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

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

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

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

## State Aid Litigation

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

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

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

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

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

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

## State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total State Aid</u> <sup>(1)</sup>	<u>Percentage of Total Revenues Consisting Consisting of State Aid</u>
2019-2020	\$ 8,682,360	\$ 4,136,459	47.64%
2020-2021	9,029,810	4,243,054	46.99
2021-2022	8,981,014	4,399,622	48.99
2022-2023	9,394,271	4,563,295	48.58
2023-2024	9,773,087	4,765,491	48.76
2024-2025 (Budgeted)	9,499,716	4,425,761	46.58
2025-2026 (Budgeted)	9,643,452	4,583,708	47.53

<sup>(1)</sup> General fund only, figures do not include appropriated reserves or interfund transfers.

Source: Audited Financial Statements for the 2019-2020 fiscal year through the 2023-2024 fiscal year and the adopted budgets for the 2024-2025 and 2025-2026 fiscal years. This table is not audited.

## District Facilities

The District currently operates the following facilities:

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
Sackets Harbor Central School	K-12	600	1928, '52, '67, '93, '99

Source: District officials.

## Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2020-2021	396	2025-2026	415
2021-2022	401	2026-2027	415
2022-2023	415	2027-2028	415
2023-2024	408	2028-2029	415
2024-2025	414	2029-2030	415

Source: District officials.

## Employees

The District employs a total of approximately 82 employees, some of which are represented by the collective bargaining agent as listed below along with the respective date of expiration of the collective bargaining agreement.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
42	New York State United Teachers' (NYSUT)	June 30, 2026

Source: District officials.

## Status and Financing of Employee Pension Benefits

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



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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the fiscal years 2019-2020 through and including 2023-2024 and budgeted figures for the 2024-2025 and 2025-2026 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$ 147,276	\$ 280,197
2020-2021	136,439	252,307
2021-2022	109,305	273,829
2022-2023	100,538	292,809
2023-2024	129,957	275,832
2024-2025 (Budgeted)	166,856	348,074
2025-2026 (Budgeted)	192,395	328,593

Source: District records.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2020-21 to 2024-25) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-21	14.6%	9.53%
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11

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

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

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

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

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

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

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that allows school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. As of June 30, 2022, the amount in the District’s TRS reserve fund was \$110,028 and ERS Reserve Fund was \$125,050. As of June 30, 2023, the amount in the District’s TRS reserve fund was \$114,028 and ERS Reserve Fund was \$129,580. As of June 30, 2024, the amount in the District’s TRS reserve fund was \$120,145 and ERS Reserve Fund was \$136,531.

## **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 District implemented GASB 75 for the fiscal year ended June 30, 2018. 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.

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

	Balance beginning at June 30:	2022	2023
<u>Changes for the year:</u>		<u>\$ 38,457,996</u>	<u>\$ 29,366,530</u>
Service cost		613,040	633,141
Interest		1,432,717	1,154,617
Changes in benefit terms		-	-
Differences between expected and actual experience			
Changes in assumptions or other inputs		(10,227,430)	(1,364,642)
Benefit payments		(909,793)	(1,002,235)
Net Changes		<u>\$ (9,091,466)</u>	<u>\$ (579,119)</u>
	Balance ending at June 30:	2023	2024
		<u>\$ 29,366,530</u>	<u>\$ 28,787,411</u>

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

The aforementioned liability and ARC were recognized and disclosed in accordance with GASB 45 standards in the District's past audited financial statements.

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

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

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

#### **Other Information**

The statutory authority for the power to spend money is the Education Law and 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 Continuing Disclosure 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 – C" to this Continuing Disclosure Statement. Certain financial information of the District can be found attached as Appendices to the Continuing Disclosure Statement.

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

Beginning with the fiscal year ending June 30, 2003 the District 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.

Bowers & Company CPAs PLLC, 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. Bowers & Company CPAs PLLC also has not performed any procedures relating to this Continuing Disclosure Statement.

## New York State Comptroller Reports of Examination

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

The State Comptroller's office released an audit report of the District on January 17, 2020. The purpose of the audit was to Determine whether the District's network was adequately secure to protect the student management system (SMS) against unauthorized use, access and loss for the period July 1, 2017 through July 23, 2019.

### Key Findings:

- Establish written procedures for password management, wireless security, remote access and managing user access rights.
- Disable unneeded network user accounts and adequately restrict user permissions to the network and user computers based on job duties.
- Develop a written disaster recovery plan.

### Key Recommendations:

- Adopt comprehensive procedures over password management, wireless security and remote access.
- Develop procedures for adding, removing and modifying user access rights to the network and user computers.
- Evaluate user accounts and permissions and ensure unneeded user accounts are disabled and unnecessary permissions are removed.
- Develop a disaster recovery plan.

The District provided a complete response to the State Comptroller's office on January 3, 2020. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

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

The State Comptroller's office conducted a Tax Levy Cap Review in April 2021 of the 2021-2022 Tax Cap calculation. On June 9, 2021, the office released a report indicating there were no findings.

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

## The State Comptroller's Fiscal Stress Monitoring System

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

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

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

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

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

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

## TAX INFORMATION

### Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Adams	\$ 3,948,946	\$ 3,903,508	\$ 3,906,144	\$ 3,830,267	\$ 3,856,697
Henderson	10,612,262	10,598,314	10,714,897	10,674,959	10,724,749
Hounsfield	324,726,386	327,175,345	331,738,065	444,675,955	446,363,243
Total Assessed Values	<u>\$ 339,287,594</u>	<u>\$ 341,677,167</u>	<u>\$ 346,359,106</u>	<u>\$ 459,181,181</u>	<u>\$ 460,944,689</u>

### State Equalization Rates

Towns of:					
Adams	100.00%	100.00%	95.00%	85.00%	85.00%
Henderson	100.00%	98.53%	90.39%	77.88%	72.95%
Hounsfield	93.00%	93.00%	84.00%	100.00%	91.00%
Total Taxable Full Valuation	<u>\$ 363,729,365</u>	<u>\$ 366,461,388</u>	<u>\$ 410,892,072</u>	<u>\$ 462,889,084</u>	<u>\$ 509,747,855</u>

### Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Adams	\$ 11.84	\$ 11.76	\$ 11.16	\$ 11.34	\$ 10.60
Henderson	11.84	11.93	11.73	12.37	12.35
Hounsfield	12.74	12.64	12.62	9.64	9.90

## Tax Collection Procedure

By contractual agreement with the County, the District has authorized the installment payment of School Tax levies. School taxes are levied September 1 each year and, if not paid in installments, such taxes must be paid in full by September 30.

The taxpayer may elect to pay in three monthly installments. The first installment is paid to the School Tax Collector by September 30 in an amount of one-third of the total tax levy, plus 2% service charge to the School Tax Collector. The second installment is due by October 31 and is paid to the County Treasurer. The third and final installment is due by November 30 and is payable to the County Treasurer. If any installment is incomplete, the installment agreement becomes void.

All unpaid taxes (either in full or in installments) as of October 31 are returned to the County Treasurer for collection. The County Treasurer must pay the amount of unpaid taxes to the School District no later than the forthcoming April 1, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

## Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Tax Levy	\$ 4,308,165	\$ 4,308,165	\$ 4,355,655	\$ 4,460,408	\$ 4,592,045
Amount Uncollected <sup>(1)</sup>	482,735	418,298	555,359	432,318	441,515
% Uncollected	11.21%	9.71%	12.75%	9.69%	9.61%

<sup>(1)</sup> See "Tax Collection Procedure" herein.

## Larger Taxpayers 2024 for 2024-25 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
National Grid	Utility	\$ 11,134,078
Fort Pike Commons Apartments	Apartments	8,021,000
Madison Barracks, LLC	Apartments	6,737,000
Galloo Island Farms LLC	Commercial	5,203,500
Victorybase NY1 LLC	Commercial	5,181,800
Ronald Robbins Corp	Commercial	4,304,921
Phillips 66 Company	Utility	3,544,900
Navy Point Marine Properties	Commercial	3,184,900
Richard Cunha	Commercial	2,796,600
Maurer Trustee, Claudia	Commercial	2,700,600

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

The ten larger taxpayers have a total full valuation of \$52,809,299, which represents 10.36% of the tax base of the District for the 2024-2025 fiscal year.

## Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2019-2020	\$ 8,682,360	\$ 4,247,779	48.92%
2020-2021	9,029,810	4,328,300	47.93
2021-2022	8,981,014	4,333,672	48.25
2022-2023	9,394,271	4,384,079	46.67
2023-2024	9,773,087	4,468,093	45.72
2024-2025 (Budgeted)	9,499,716	4,599,045	48.41
2025-2026 (Budgeted)	9,643,452	4,715,174	48.90

Source: Audited Financial Statements for the 2019-2020 through 2023-2024 fiscal years and adopted budgets for the 2024-2025 and 2025-2026 fiscal years. 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, 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 (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 2022-2023 State Budget provided \$2.2 billion in State funding for a new one-year property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners’ existing STAR benefit.

The below table lists the basic and enhanced exemption amounts for the 2024-25 District tax roll for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Adams	\$ 73,190	\$ 25,500	4/10/2025
Henderson	62,810	21,890	4/10/2025
Hounsfield	78,350	28,080	4/10/2025

\$226,756 of the District’s \$4,592,045 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.

Approximately \$232,836 of the District’s projected \$4,715,174 school tax levy for the 2025-2026 fiscal year is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State in January 2026.

## Additional Tax Information

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

Senior citizens' and disability exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: 66.5% residential, 17.8% commercial/industrial/agricultural, and 15.7% public service/community service/recreational/wild/vacant.

The estimated total annual property tax bill of a \$100,000 tax assessed residential property located in the Sackets Harbor Village is approximately \$2,069 including County, Town, Village 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, legislation has since made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year’s tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

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

There is also an exception for school districts for “Capital Local Expenditures” subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. “Capital Local Expenditures”, are defined as “the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law”. The portion of the tax levy necessary to support “Capital Local Expenditures” is defined as the “Capital Tax Levy”, and is an exclusion from the tax levy limitation. 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 may be more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

### **Statutory Procedure**

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

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 District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the 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 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 School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

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

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

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

## Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30<sup>th</sup>:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 1,671,720	\$ 1,268,087	\$ 6,025,707	\$ 5,510,886	\$ 4,939,235
Bond Anticipation Notes	<u>6,242,406</u>	<u>5,895,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 7,914,126</u>	<u>\$ 7,165,707</u>	<u>\$ 6,025,707</u>	<u>\$ 5,510,886</u>	<u>\$ 4,939,235</u>

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of June 5, 2025.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2036	\$ 4,973,552
<u>Bond Anticipation Notes</u> Capital Project	June 27, 2025	<u>900,000</u> <sup>(1)</sup>
Total Indebtedness		<u>\$ 5,873,552</u>

<sup>(1)</sup> To be partially redeemed and renewed with the proceeds of the Series A Notes and \$56,000 available funds of the District

## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of June 5, 2025:

Full Valuation of Taxable Real Property .....	\$ 509,747,855
Debt Limit 10% thereof .....	50,974,785

### Inclusions:

Bonds .....	\$ 4,973,552
Bond Anticipation Notes (BANs): .....	<u>900,000</u>
Total Inclusions prior to issuance of the Notes .....	<u>5,873,552</u>
Less: BANs being redeemed from appropriations .....	56,000
Add: New money proceeds of the Notes .....	<u>2,100,000</u>
Total Net Inclusions after issuance of the Notes .....	\$ 7,917,552

### Exclusions:

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

Total Net Indebtedness <u>after issuance of the Notes</u> .....	<u>\$ 7,917,552</u>
Net Debt-Contracting Margin .....	<u>\$ 43,057,233</u>
The percent of debt contracting power exhausted is .....	15.53%

<sup>(1)</sup> Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 79.6% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates; however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

## Bonded Debt Service

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

## Cash Flow Borrowings

The District, historically, does not issue tax anticipation notes and/or revenue anticipation notes, and does not plan to issue such notes in the foreseeable future.

## Capital Project Plans

The District annually issues serial bonds for the purchase of buses.

On September 12, 2024, the qualified voters of the District approved a \$3.5 million capital project that will be funded with \$500,000 from the Capital Reserve with the remainder funded through debt issuance. The project is an infrastructure project with no new additions. It is expected to have a bid date in May, 2025 and substantial completion in the Fall of 2026. The District issued \$900,000 bond anticipation notes as the first borrowing against the above authorization on November 21, 2024. The proceeds of the notes along with \$56,000 in available funds will partially redeem and renew the outstanding \$900,000 bond anticipation notes and provide \$2,100,000 in new money to fully exhaust the borrowing authorization for the aforementioned project.

Other than as stated above, there are no other capital projects authorized or unissued by the District, nor are any contemplated.

## Estimated Overlapping Indebtedness

In addition to the 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 District. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Jefferson	6/28/2024	\$ 13,900,000	\$ 610,000	\$ 13,290,000	4.40%	\$ 584,760
Town of:						
Adams	12/31/2023	1,062,100	- <sup>(3)</sup>	1,062,100	1.29%	13,701
Henderson	12/31/2023	2,671,505	- <sup>(3)</sup>	2,671,505	3.16%	84,420
Hounsfield	12/31/2023	6,711,660	- <sup>(3)</sup>	6,711,660	90.75%	6,090,831
Village of:						
Sackets Harbor	11/27/2023	4,194,500	1,160,500	3,034,000	100.00%	<u>3,034,000</u>
					Total:	<u>\$ 9,807,712</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.

<sup>(4)</sup> 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.

<sup>(5)</sup> Information regarding excludable debt not available.

## Debt Ratios

The following table sets forth certain ratios relating to the District's net indebtedness as of June 5, 2025:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 7,917,552	\$ 2,227.16	1.55%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(c)</sup> .....	17,725,264	4,986.01	3.48

(a) The current estimated population of the District is 3,555. (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for the 2024-2025 fiscal year is \$509,747,855. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

(d) The District's applicable share of Net Overlapping Indebtedness is estimated to be \$9,807,712. (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.

## **Federal Policy Risk**

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

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.

## **TAX MATTERS**

In the opinion of WJ Marquardt PLLC, Bond Counsel to the District (“Bond Counsel”), under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. The proposed form of opinion of Bond Counsel is set forth in “Appendix -D.”

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

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

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

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

## **LEGAL MATTERS**

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

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

## **LITIGATION**

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

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

## **CONTINUING DISCLOSURE**

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

## **Historical Compliance**

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

## **MUNICIPAL ADVISOR**

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

## **CUSIP IDENTIFICATION NUMBERS**

The Municipal Advisor intends to provide the purchaser of the issue with CUSIP identification numbers, in compliance with MSRB Rule G-34, (a)(i) (A)-(H). As is further discussed in Rule G-34 the purchaser, as the "dealer who acquires" the issue, is responsible for the registration fee to the CUSIP Bureau for this service. It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District; provided, however, the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **RATINGS**

The Notes are NOT rated. The purchaser(s) of the Notes may choose to request that a rating be assigned after the sale pending the approval of the District and applicable rating agency, and at the expense of the purchaser(s), including any rating agency and other fees to be incurred by the District, as such rating action may result in a material event notice 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 currently have an underlying rating on any outstanding bonds.

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

## **MISCELLANEOUS**

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

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

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



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

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

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

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

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

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

The District contact information is as follows: Audrey Stevenson, Business Official, Sackets Harbor Central School District, District Offices, 215 South Broad Street, Sackets Harbor, New York 13685, Phone: (315) 646-3575, Fax: (315) 646-1038, Email: [astevenson@sacketspatriots.org](mailto:astevenson@sacketspatriots.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., Phone: (315) 752-0051, or at [www.fiscaladvisors.com](http://www.fiscaladvisors.com).

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**Dated: June 5, 2025**

**ANGELA GREEN**  
**PRESIDENT OF THE BOARD OF EDUCATION AND**  
**CHIEF FISCAL OFFICER**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending June 30:	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2024</b></u>
<u><b>ASSETS</b></u>					
Cash	\$ 1,864,182	\$ 781,457	\$ 1,009,303	\$ 904,569	\$ 912,950
Restricted Cash	-	1,675,222	1,956,060	2,326,562	2,450,031
Accounts Receivable	-	-	-	-	24,379
Due from Other Funds	130,093	186,004	66,758	174,086	313,654
Due from Other Governments	466,776	159,209	246,475	140,895	166,197
State and Federal Aid Receivable	81,673	384,207	62,979	80,609	101,210
Other	-	5,626	12,208	6,250	-
<b>TOTAL ASSETS</b>	<u><u>\$ 2,542,724</u></u>	<u><u>\$ 3,191,725</u></u>	<u><u>\$ 3,353,783</u></u>	<u><u>\$ 3,632,971</u></u>	<u><u>\$ 3,968,421</u></u>
<u><b>LIABILITIES AND FUND EQUITY</b></u>					
Accrued Liabilities	\$ 5,384	\$ 25,316	\$ 60,890	\$ 78,036	\$ 38,305
Accounts Payable	-	-	-	-	88,918
Due to Other Funds	22,147	5,408	19,995	-	19,077
Due to Teachers' Retirement System	274,102	296,734	339,810	358,243	319,252
Due to Employees' Retirement System	39,754	52,629	34,056	33,849	38,280
Deferred Reveneus	94,118	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u><u>435,505</u></u>	<u><u>380,087</u></u>	<u><u>454,751</u></u>	<u><u>470,128</u></u>	<u><u>503,832</u></u>
<u><b>FUND EQUITY</b></u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,119,662	1,675,222	1,956,060	2,326,562	2,450,031
Assigned	385,000	385,000	590,000	475,000	837,770
Unassigned	602,557	751,416	352,972	361,281	176,788
<b>TOTAL FUND EQUITY</b>	<u><u>2,107,219</u></u>	<u><u>2,811,638</u></u>	<u><u>2,899,032</u></u>	<u><u>3,162,843</u></u>	<u><u>3,464,589</u></u>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<u><u>\$ 2,542,724</u></u>	<u><u>\$ 3,191,725</u></u>	<u><u>\$ 3,353,783</u></u>	<u><u>\$ 3,632,971</u></u>	<u><u>\$ 3,968,421</u></u>

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

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>REVENUES</u></b>					
Real Property Taxes	\$ 3,926,416	\$ 4,020,051	\$ 4,037,900	\$ 4,099,603	\$ 4,223,260
Other Tax Items	321,364	308,249	295,770	284,477	242,814
Charges for Services	4,459	-	-	72	126
Use of Money & Property	11,917	1,371	1,884	136,790	209,115
Sale of Property and Compensation for Loss	9,005	15,751	16,934	8,686	89,690
Miscellaneous	142,300	160,139	93,182	164,248	136,041
Interfund Revenues	-	-	17,833	-	-
Revenues from State Sources	4,136,459	4,243,054	4,399,622	4,563,295	4,765,491
Revenues from Federal Sources	130,440	281,195	117,889	124,190	93,640
Total Revenues	<u>\$ 8,682,360</u>	<u>\$ 9,029,810</u>	<u>\$ 8,981,014</u>	<u>\$ 9,381,361</u>	<u>\$ 9,760,177</u>
Other Sources:					
Interfund Transfers	-	-	-	12,910	12,910
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
Total Revenues and Other Sources	<u>8,682,360</u>	<u>9,029,810</u>	<u>8,981,014</u>	<u>9,394,271</u>	<u>9,773,087</u>
<b><u>EXPENDITURES</u></b>					
General Support	\$ 1,215,018	\$ 970,255	\$ 981,182	\$ 995,648	\$ 1,334,301
Instruction	4,164,938	4,054,117	4,293,693	4,389,757	4,240,864
Pupil Transportation	287,664	299,533	317,993	346,761	394,409
Community Services	-	-	-	-	-
Employee Benefits	2,112,636	2,107,647	2,227,111	2,394,564	2,465,574
Debt Service	547,898	891,084	1,065,305	995,898	1,001,331
Total Expenditures	<u>\$ 8,328,154</u>	<u>\$ 8,322,636</u>	<u>\$ 8,885,284</u>	<u>\$ 9,122,628</u>	<u>\$ 9,436,479</u>
Other Uses:					
Interfund Transfers	5,944	2,755	(8,336)	7,832	(34,862)
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
Total Expenditures and Other Uses	<u>8,334,098</u>	<u>8,325,391</u>	<u>8,893,620</u>	<u>9,130,460</u>	<u>9,471,341</u>
Excess (Deficit) Revenues Over Expenditures	<u>348,262</u>	<u>704,419</u>	<u>87,394</u>	<u>263,811</u>	<u>301,746</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	1,758,957	2,107,219	2,811,638	2,899,032	3,162,843
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 2,107,219</u>	<u>\$ 2,811,638</u>	<u>\$ 2,899,032</u>	<u>\$ 3,162,843</u>	<u>\$ 3,464,589</u>

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

**GENERAL FUND**

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

Fiscal Years Ending June 30:

	<b>2024</b>			<b>2025</b>	<b>2026</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
<b><u>REVENUES</u></b>					
Real Property Taxes	\$ 4,460,408	\$ 4,225,002	\$ 4,223,260	\$ 4,592,045	\$ 4,715,174
Other Tax Items	7,685	243,091	242,814	7,000	-
Charges for Services	1,000	1,000	126	-	-
Use of Money & Property	24,500	24,500	209,115	70,000	-
Sale of Property and Compensation for Loss	7,000	92,000	89,690	65,000	-
Miscellaneous	95,385	95,385	136,041	40,000	275,570
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	4,838,396	4,838,396	4,765,491	4,425,761	4,583,708
Revenues from Federal Sources	37,500	37,500	93,640	57,000	69,000
Total Revenues	<u>\$ 9,471,874</u>	<u>\$ 9,556,874</u>	<u>\$ 9,760,177</u>	<u>\$ 9,256,806</u>	<u>\$ 9,643,452</u>
Other Sources:					
Interfund Transfers	12,910	12,910	12,910	12,910	50,500
Transfer from Reserves	-	-	-	230,000	230,000
Appropriated Fund Balance	-	-	-	837,770	751,933
Retirement System Credit	-	-	-	-	-
Total Revenues and Other Sources	<u>9,484,784</u>	<u>9,569,784</u>	<u>9,773,087</u>	<u>10,337,486</u>	<u>10,675,885</u>
<b><u>EXPENDITURES</u></b>					
General Support	\$ 1,082,089	\$ 1,492,867	\$ 1,334,301	\$ 1,359,901	\$ 1,491,314
Instruction	4,779,955	4,454,179	4,240,864	5,000,378	4,895,488
Pupil Transportation	409,828	409,828	394,409	406,531	453,653
Community Services	1,017	1,017	-	-	-
Employee Benefits	2,650,673	2,650,671	2,465,574	2,767,840	3,084,840
Debt Service	999,557	999,557	1,001,331	767,171	732,090
Total Expenditures	<u>\$ 9,923,119</u>	<u>\$ 10,008,119</u>	<u>\$ 9,436,479</u>	<u>\$ 10,301,821</u>	<u>\$ 10,657,385</u>
Other Uses:					
Interfund Transfers	36,665	36,665	(34,862)	35,665	18,500
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
Total Expenditures and Other Uses	<u>9,959,784</u>	<u>10,044,784</u>	<u>9,471,341</u>	<u>10,337,486</u>	<u>10,675,885</u>
Excess (Deficit) Revenues Over Expenditures	<u>(475,000)</u>	<u>(475,000)</u>	<u>301,746</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	475,000	475,000	3,162,843	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,464,589</u>	<u>\$ -</u>	<u>\$ -</u>

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

**APPENDIX - B**  
**Sackets Harbor CSD**

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th				
	Principal	Interest	Total	
2025	\$ 449,235	\$ 240,936.49	\$ 690,171.49	
2026	468,552	226,547.10	695,099.10	
2027	465,000	204,022.50	669,022.50	
2028	465,000	182,343.75	647,343.75	
2029	455,000	160,431.25	615,431.25	
2030	440,000	138,941.25	578,941.25	
2031	425,000	118,000.00	543,000.00	
2032	445,000	96,750.00	541,750.00	
2033	470,000	74,500.00	544,500.00	
2034	490,000	51,000.00	541,000.00	
2035	410,000	26,500.00	436,500.00	
2036	120,000	6,000.00	126,000.00	
TOTALS	\$ 5,102,787	\$ 1,525,972.34	\$ 6,628,759.34	

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending June 30th	2019 Buses			2020 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 25,000	\$ 187.50	\$ 25,187.50	\$ 25,000	\$ 535.00	\$ 25,535.00
2026	-	-	-	25,000	198.75	25,198.75
2027	-	-	-	-	-	-
TOTALS	\$ 25,000	\$ 187.50	\$ 25,187.50	\$ 50,000	\$ 734	\$ 50,734

Fiscal Year Ending June 30th	2021 Buses			2022A DASNY Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 25,000	\$ 881.25	\$ 25,881.25	\$ 320,000	\$ 226,000.00	\$ 546,000.00
2026	25,000	568.75	25,568.75	335,000	210,000.00	545,000.00
2027	25,000	200.00	25,200.00	350,000	193,250.00	543,250.00
2028	-	-	-	365,000	175,750.00	540,750.00
2029	-	-	-	385,000	157,500.00	542,500.00
2030	-	-	-	405,000	138,250.00	543,250.00
2031	-	-	-	425,000	118,000.00	543,000.00
2032	-	-	-	445,000	96,750.00	541,750.00
2033	-	-	-	470,000	74,500.00	544,500.00
2034	-	-	-	490,000	51,000.00	541,000.00
2035	-	-	-	410,000	26,500.00	436,500.00
2036	-	-	-	120,000	6,000.00	126,000.00
TOTALS	\$ 75,000	\$ 1,650.00	\$ 76,650.00	\$ 4,520,000	\$1,473,500.00	\$ 5,993,500.00

Fiscal Year Ending June 30th	2022 Buses			2023 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 25,000	\$ 3,331.25	\$ 28,331.25	\$ 29,235	\$ 10,001.49	\$ 39,236.49
2026	25,000	2,587.50	27,587.50	30,000	5,555.00	35,555.00
2027	25,000	1,693.75	26,693.75	35,000	4,138.75	39,138.75
2028	30,000	600.00	30,600.00	35,000	2,537.50	37,537.50
2029	-	-	-	35,000	857.50	35,857.50
TOTALS	\$ 105,000	\$ 8,212.50	\$ 113,212.50	\$ 164,235	\$ 23,090.24	\$ 187,325.24

Fiscal Year Ending June 30th	2024 Buses		
	Principal	Interest	Total
2025	\$ -	\$ -	\$ -
2026	28,552	7,637.10	36,189.10
2027	30,000	4,740.00	34,740.00
2028	35,000	3,456.25	38,456.25
2029	35,000	2,073.75	37,073.75
2030	35,000	691.25	35,691.25
TOTALS	\$ 163,552	\$ 18,598.35	\$ 182,150.35

**MATERIAL EVENT NOTICES**

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the 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 Notes
- (g) modifications to rights of security holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the securities
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

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

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

The District 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 aforescribed material event notices, if any, on or before the date specified.

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

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

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT  
JEFFERSON COUNTY, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2024**

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

**S**ACKETS HARBOR CENTRAL  
SCHOOL DISTRICT

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***FINANCIAL STATEMENTS***

June 30, 2024



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## **INDEPENDENT AUDITOR'S REPORT**

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### **BOARD OF EDUCATION SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

#### **Report on the Audit of the Financial Statements**

##### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sackets Harbor Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Sackets Harbor 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 Sackets Harbor 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 Sackets Harbor 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Sackets Harbor 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 Sackets Harbor 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 Sackets Harbor Central School District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-26), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 84), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (pages 86-87), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) - NYSLRS Pension Plan (page 88), and Schedule of District's Contributions - NYSLRS Pension Plan (page 89) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

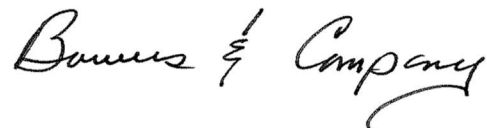
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sackets Harbor Central School District's basic financial statements. The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 90-94) and Schedule of Expenditures of Federal Awards (pages 101), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.



In our opinion, The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 90-94) and the Schedule of Expenditures of Federal Awards (pages 101) are fairly stated in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2024 on our consideration of the Sackets Harbor 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 Sackets Harbor 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 Sackets Harbor Central School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bonner & Company". The signature is written in dark ink and is positioned to the right of the main text block.

Watertown, New York  
October 7, 2024

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### INTRODUCTION

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

#### FINANCIAL HIGHLIGHTS

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The Sackets Harbor Central School District is dedicated to educational excellence as we empower our students to embrace life's challenges, with knowledge, character, and a commitment to learning as they become contributing citizens in the American democratic way of life. This has to be accomplished with the least economic impact to the local taxpayer. The following highlights demonstrate the financial results of balancing these two directives.

- For the year ending June 30, 2024, total revenues of \$11,123,608 was \$81,223 greater than the \$11,042,385 in expenses. The \$81,223 was applied against the Net Position beginning of the year balance of (\$20,274,252), for an ending Net Position of (\$20,193,029) at June 30, 2024. While slightly improved from last year, this deficit is mainly due to other postemployment benefit ("OPEB") liabilities.
- The School District's Assigned Appropriated Fund Balance designated to reduce the tax levy in 2023-2024 was \$475,000. The General Fund's Unassigned Fund Balance is \$176,788, which is 1.71% of the 2024-2025 budget. This is well under the required 4% requirement.
- The total property assessment for the School District in the 2023-2024 school year was \$459,181,181. This increase is due to a revaluation that was completed in 2023. The true value tax rate for the school's portion of the levy in 2023-2024 was \$9.64 per thousand of assessment. This is down from 10.60 last year.
- The School District employs about 80 full and part time employees. The one union (Teachers Union) has a collective bargaining agreement in place until June 30, 2026.
- The BEDS enrollment for the 2023-2024 school year was 410 and our enrollment for Fall 2024 is 419 students, which is very similar to last year's 415 and 408.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### FINANCIAL HIGHLIGHTS - Continued

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- The District has maintained standards set by the New York State Education Department for the testing of their students to achieve mastery in certain core subjects at or above the levels set by the State Education Department for the year ending June 30, 2024.

#### OVERVIEW OF FINANCIAL STATEMENTS

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

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the School District acts solely as a *trustee* or *agent* for the benefit of others.

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

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

## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### OVERVIEW OF FINANCIAL STATEMENTS - Continued

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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#### OVERVIEW OF FINANCIAL STATEMENTS - Continued

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##### District-Wide Statements

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

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

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

##### Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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#### OVERVIEW OF FINANCIAL STATEMENTS - Continued

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##### Fund Financial Statements - Continued

The district has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statement because their resources do not belong to the District and are not available to be used. An example is the assets that are held by the District as agent for property taxes collected on behalf of other governments (libraries).

#### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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Net Position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$20,193,029 at the close of the most recent fiscal year. This represents a \$81,223 increase in the net position for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2024, the OPEB liability was \$28,787,411 compared to \$29,366,530 reported at the close of the prior fiscal year. The overall decrease in net position (deficit) in the current fiscal year is largely due to the net change in the OPEB liability and related outflows and inflows recognized in the current year which resulted in an expense of \$52,848 compared to June 30, 2023 expense of \$537,180. See Note 11 for additional OPEB information.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2024

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A  
WHOLE - Continued**

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

**Condensed Statement of Net Position  
Comparison 2023-2024 and 2022-2023**

	<b>2023-2024</b>	<b>2022-2023</b>
<b>Assets</b>		
Current and Other Assets	\$ 4,398,494	\$ 4,058,153
Capital Assets, Net	14,364,988	14,810,650
<b>Total Assets</b>	<u>\$ 18,763,482</u>	<u>\$ 18,868,803</u>
<b>Deferred Outflows of Resources</b>		
Deferred Charge on Refunding	\$ -	\$ 5,460
Other Postemployment Benefits	3,397,861	4,801,189
Pensions	1,747,226	2,267,090
<b>Total Deferred Outflows of Resources</b>	<u>\$ 5,145,087</u>	<u>\$ 7,073,739</u>
<b>Liabilities</b>		
Current Liabilities	\$ 1,032,399	\$ 1,287,336
Long-Term Liabilities	34,359,434	35,591,555
<b>Total Liabilities</b>	<u>\$ 35,391,833</u>	<u>\$ 36,878,891</u>
<b>Deferred Inflows of Resources</b>		
Pensions	\$ 388,155	\$ 244,932
Other Postemployment Benefits	8,321,610	9,092,971
<b>Total Deferred Inflows of Resources</b>	<u>\$ 8,709,765</u>	<u>\$ 9,337,903</u>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 9,018,418	\$ 8,852,627
Restricted	2,713,508	2,591,748
Unrestricted (Deficit)	(31,924,955)	(31,718,627)
<b>Total Net Position (Deficit)</b>	<u>\$ (20,193,029)</u>	<u>\$ (20,274,252)</u>

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE - Continued

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

In general, current assets are those assets that are available to satisfy current obligations, current liabilities, and those liabilities that will be paid within one year. Current assets consist primarily of cash and cash equivalents of \$3,805,969, and state, federal and BOCES aid receivable of \$554,897.

In addition to assets, the *Statement of Net Position* reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Included in deferred outflows of resources in the current year is \$1,747,226 related to the District's participation in the NYS TRS and ERS pension systems and \$3,397,861 related to the District's OPEB Plan.

Current liabilities consist principally of accounts payable, accrued expenses and unearned revenues totaling \$537,323, and the current portion of long-term debt and lease liabilities totaling \$495,076.

In addition to liabilities, the *Statement of Net Position* or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is \$388,155 related to the District's participation in the NYS TRS and ERS pension systems, and \$8,321,610 related to the District's OPEB Plan.



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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2024

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A  
WHOLE - Continued**

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

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

**Condensed Statement of Activities  
Comparison 2023-2024 and 2022-2023**

	2023-2024	2022-2023
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 40,816	\$ 78,493
Operating Grants	1,248,335	1,147,489
General Revenues		
Property and Other Tax Items	4,466,074	4,384,080
Use of Money and Property	225,318	146,371
Sale of Property and Compensation for Loss	89,690	2,686
Gain on Disposition of Property	5,750	6,000
State Sources	4,765,491	4,563,295
Medicaid Reimbursement	17,531	16,040
Federal Sources	76,109	108,150
Miscellaneous	188,494	229,095
Total Revenues	<u>\$ 11,123,608</u>	<u>\$ 10,681,699</u>
<b>Expenses</b>		
General Support	\$ 1,939,139	\$ 1,518,309
Instruction	7,853,783	8,344,826
Pupil Transportation	690,192	660,898
Debt Service - Interest	228,527	314,169
School Food Service Program	330,744	274,828
Total Expenses	<u>11,042,385</u>	<u>11,113,030</u>
<b>Change in Net Position</b>	<u>\$ 81,223</u>	<u>\$ (431,331)</u>

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

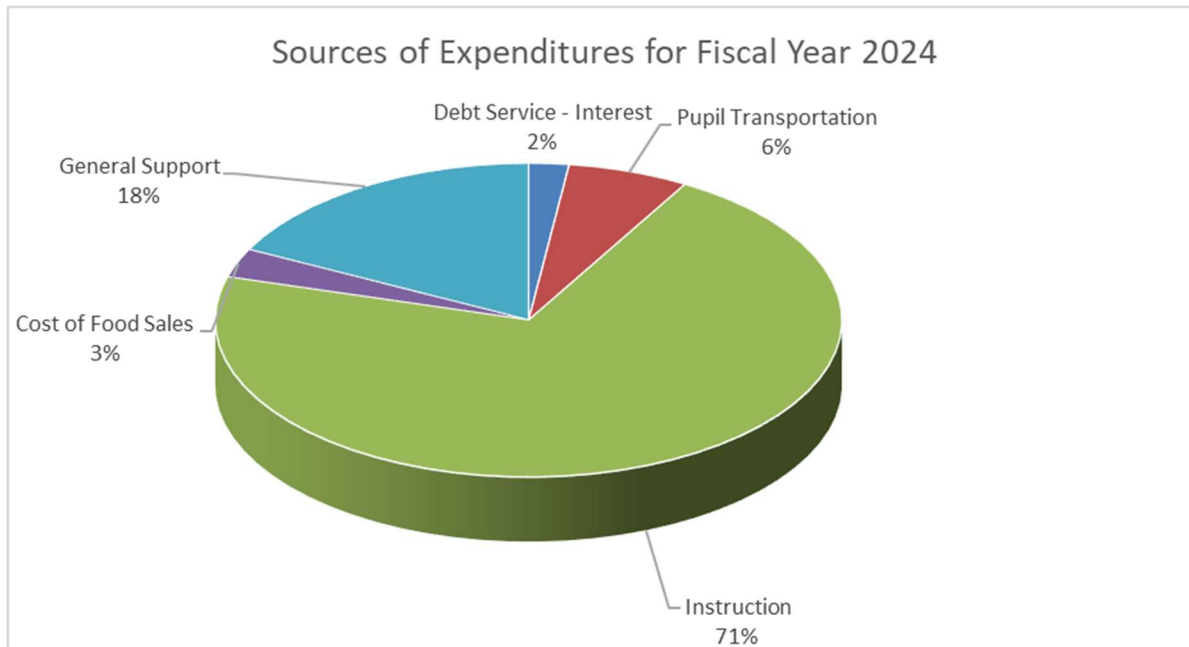
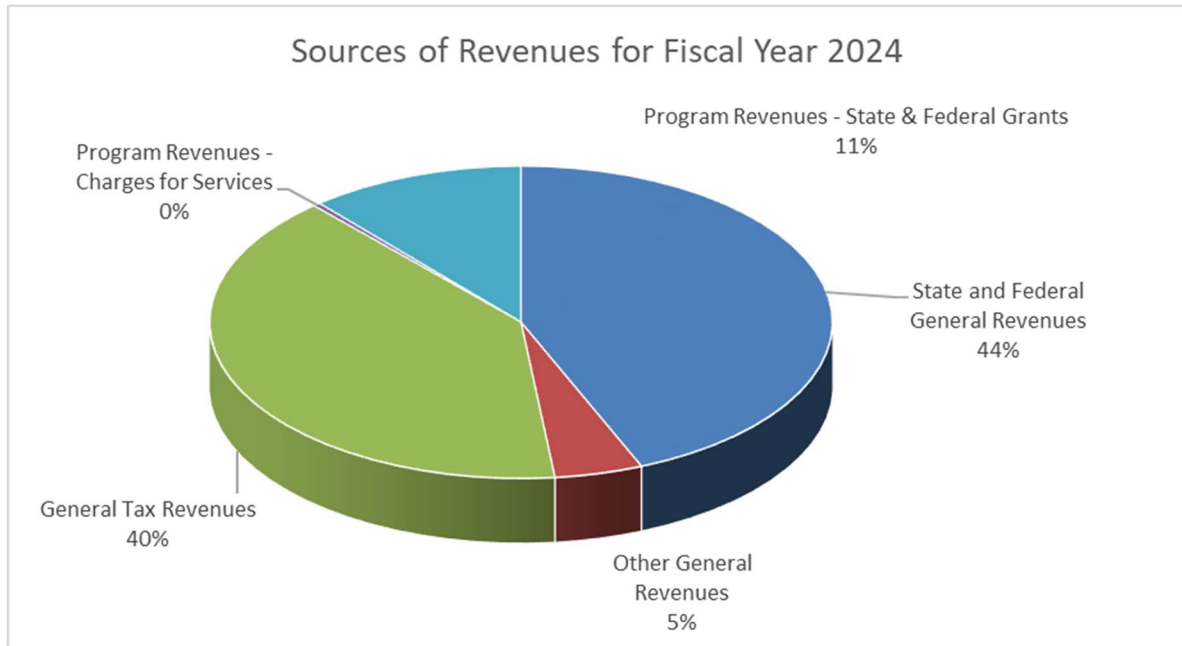
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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE - Continued

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The School District is heavily dependent on both state and federal aid for its funding. State and Federal Grants and State and Federal General Revenues combined account for 55% of total revenues. General Tax Revenues account for 40% of revenues received for the year. These two sources account for 95% of the total revenues received in the 2023-2024 school year.

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

The financial statements also include the Special Aid Fund and School Food Service Fund, which are primarily funded by state and federal aid as well as in a small part, food sales (this is small because beginning in 2023, the District was certified in the Community Eligibility Provision (CEP) so all breakfast and lunches are free for all students. The only sales are for additional meals and snacks.

#### General Fund Budgetary Highlights

The School District's budget of \$9,959,784 for 2023-2024 was approved by referendum on May 16, 2023. The School District's total budget increase for 2023-2024 was \$285,360 or a 2.95% increase from the prior year budget. The District had no carryover encumbrances from 2022-2023. A budget adjustment for property settlement for flooring damages incurred in the capital improvement project for \$85,000, brings the final budget to \$10,044,784.

Actual expenditures for 2023-2024, including transfers of \$34,862 to other funds, totaled \$9,471,341, for a favorable variance of \$573,443 (under budgeted amounts). The following graph shows how the actual expenditures are distributed for each budget over the past two budget years:

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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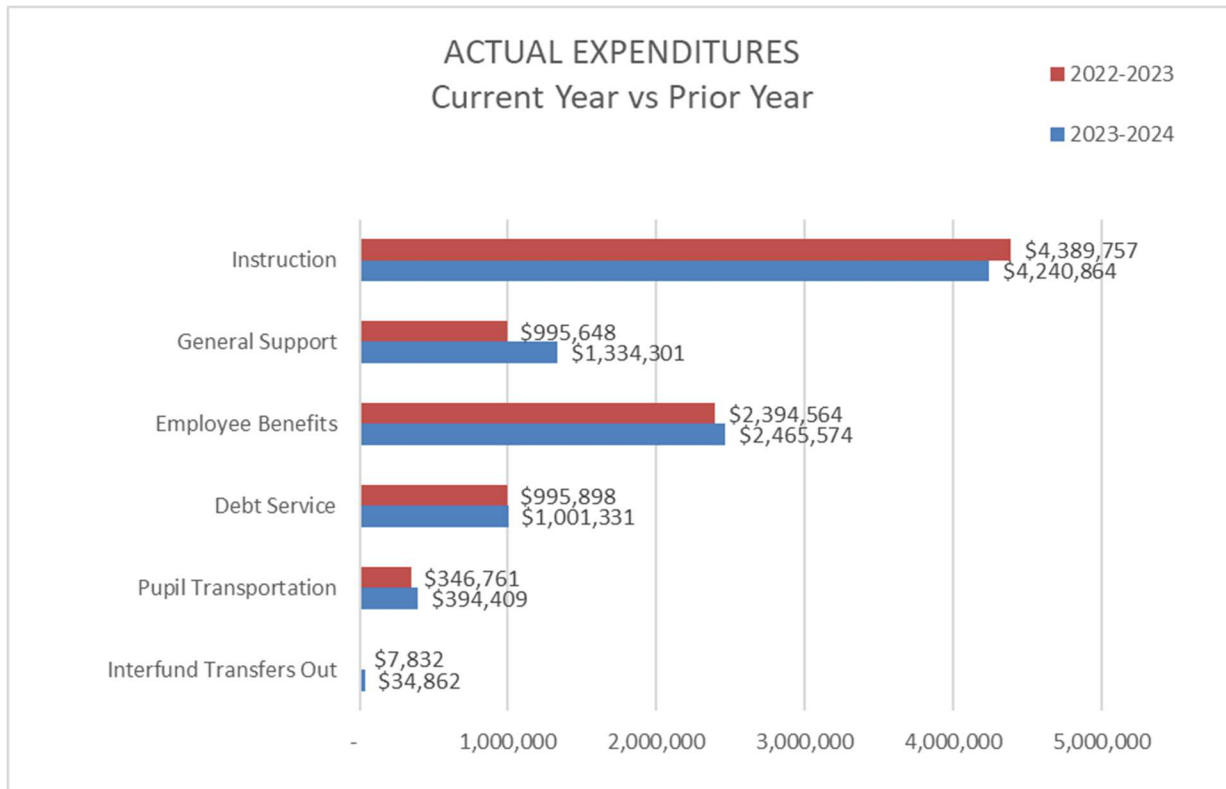
### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE - Continued

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#### General Fund Budgetary Highlights – Continued



Fiscal year 2023-2024 expenditures were \$340,881 or 3.73% more than the prior year expenditures. Given that the majority of the District's budget is made up of salaries and benefits and, based on the current contract, the salary increases were 4.25% this is not unexpected. While it looks like Instruction costs decreased year over year and General Support increased, it is important to note that there was no real decrease. This is due to a change in accounting practices. Several costs that were previously accounted for in Instruction were moved to General Support. These two categories combined were \$5,385,405 in 22/23 and \$5,575,165 in 23/24 which is an overall increase of 3.5%. Debt Service expenditures remained flat with a less than 1% increase from the prior year. Steadily rising diesel fuel, as well as several maintenance issues, are responsible for the increase in transportation costs.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE - Continued

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#### General Fund Budgetary Highlights - Continued

The District assigned an appropriation of \$475,000 of fund balance to reduce taxes for the 2023-2024 budget year. Unspent appropriations provide cash flow at year-end when state aid is uncertain. Without these funds, the District would have to borrow at year-end in order to meet its obligations into the summer. The District had no carryover encumbrances from 2022-2023.

On May 15, 2018, the voters authorized the establishment of a Capital Reserve Fund, which by Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The reserve was authorized for up to 10 years and in an amount not to exceed \$2,500,000 with funding from budget appropriations or fund balances. There was no additional funding to this reserve in 2023-2024. The Capital Reserve balance ending on June 30, 2024 now totals \$2,069,657, including earned interest.

On June 22, 2021, the Board of Education authorized the establishment of a Retirement Contribution Reserve Fund, which by General Municipal Law §6-r, must be used to fund employer retirement contributions. The NY State & Local Employees' Retirement System (ERS) sub-fund does not have a limit. The NY State Teachers' Retirement System (TRS) sub-fund is limited to annual contributions of 2% of the prior year's covered TRS salaries with a maximum, including interest earnings, of 10% of the prior year's covered TRS salaries. Sub-funds need to be separately accounted for and funded from budget appropriations or fund balances. There was no additional funding of these reserves in 2023-2024. The ERS Reserve balance was \$136,531 and the TRS Reserve balance was \$120,145 ending on June 30, 2024, including earned interest.

On June 20, 2023, the Board of Education authorized the establishment of a Tax Certiorari Reserve Fund, which by Education Law §3651(1-a), must be used to pay judgements and claims in Tax Certiorari proceedings per RPTL, Article 7. The Tax Certiorari Reserve may not exceed an amount necessary to meet anticipated judgments and claims and is funded from budget appropriations or fund balances. The reserve was authorized for up to three years. As a result, the Board of Education approved funding the reserve in 2022-2023 with \$100,000. There was no additional funding of this reserve in 2023-2024. The Tax Certiorari Reserve ending balance on June 30, 2024 was \$105,492, including earned interest.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE - Continued

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#### Revenues

Revenues from Local, State and Federal Sources amounted to \$203,303, over final budget figures. The School District received Federal sources exceeding budget by over \$56,000. This was due to Impact Aid payments that were greater than expected and Medicaid payments. In addition, miscellaneous local sources exceeded budgeted expectations due to higher-than-expected interest rates, an insurance recovery, donations and refunds. State sources, were under budget by \$72,905. This is mainly a result of BOCES Aid not meeting the budgeted level. This is not a concern as the budget is built to ensure the District is able to meet all state requirements for student services, that at the time of budgeting we are not aware we will have to provide (for new students or students with increased needs).

As the District plans for future revenues, there is concern over the District's State Aid. The District is reliant on the current Hold Harmless legislation that ensures that districts don't receive less in Foundation Aid than they did in the previous year. Without this, the District would face declining State Aid with a budget that is already extremely tight. If hold harmless is ended, it will definitely impact the District's ability to continue to provide the current level of service to our students.

#### Expenditures

As the following graph portrays, expenditures were in line with the 2023-2024 final budget. The total unspent appropriation budget was \$573,443 and there were no year-end encumbrances at June 30, 2024.

The under-spent budgeted appropriations of \$573,443 netted with positive revenue variances of \$203,303 are used to fund the Assigned Fund Balance for the subsequent year. The 2024-2025 Assigned Fund Balance is \$837,770. The Unassigned Fund Balance is 1.71% of the 2024-2025 school budget.

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

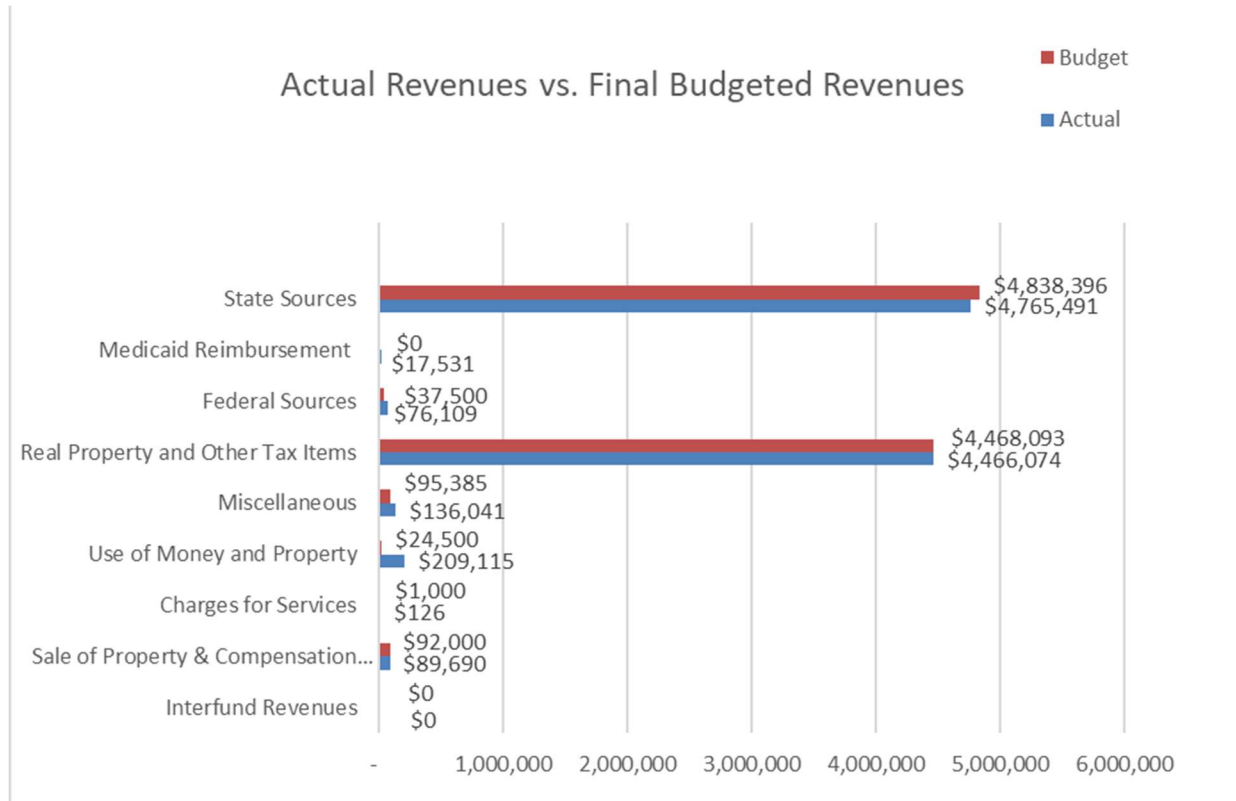
The following graphs compare actual revenues with final budgeted revenues, and actual expenditures with final budgeted appropriations. Refer to Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund in the financial statements for more detailed information.

## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE - Continued

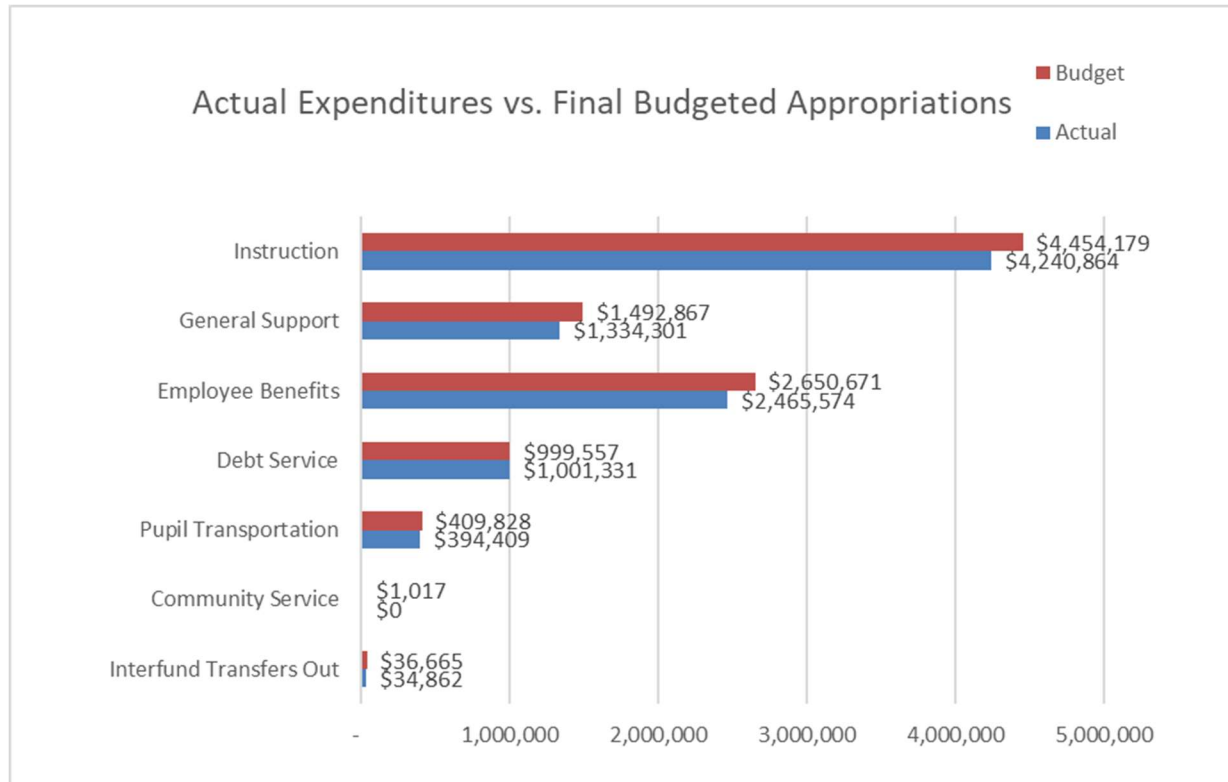


## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE - Continued



### ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

#### General Fund

The General Fund is used to operate the District's daily educational and transportation programs and maintain the buildings and grounds of the facility for continued use. This is the only fund that relies on real property taxes for a portion of funding. Actual property taxes paid (less STAR Reimbursement) amount to 43% of total General Fund revenues for 2023-2024. The budget is very restricted, with almost all of the budget being spent to maintain current operations. The continued increase in uncontrollable expenses, like fuel, utilities, health and retirement benefits, are eroding funds that could be used to enhance education.



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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS - Continued

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##### Other Governmental Funds

###### Special Aid Fund

The District receives State and Federal grants, which fund specific academic activities. These grants are written for specific purposes and include reading improvement, staff development, technology improvements, and needs related to students with disabilities.

It is important to note that most of these grants have a fiscal year that runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30. Therefore, there are funds being spent during the summer months, which may result in carry over amounts as of the June 30, 2024 school year. The District had a slight decrease in grant aid in Title I & IV funding. It is important to note that any decreases in aid in Title and/or IDEA grants, result in the General Fund absorbing more of those expenditures. The District continues to receive UPK funds at the same level as the last few years while the cost of providing these services continues to increase. The district utilized \$540,369 in Elementary and Secondary School Emergency Relief (ESSER-ARP) funds to continue to address learning loss along with student academic, social and emotional needs related to the Covid-19 pandemic.

The listing below shows the grant amounts recorded in the Special Aid Fund:

	2023-2024	2022-2023
Title I ESEA - Basic Grant	\$ 119,387	\$ 120,403
Title II Part A	14,381	12,324
Title IV	10,000	10,756
Title VI - Rural Education Achievement Program	32,524	-
IDEA Part B Section 611	112,538	136,496
IDEA Part B Section 619	3,915	6,193
Extended Pre-Kindergarten	113,616	113,616
Summer School - Section 4408	41,416	29,094
NYS Health Worker Bonus	-	3,229
ELC	-	47,744
ARP Homeless	-	7,754
ARP -ESSER	540,369	499,728
	<u>\$ 988,146</u>	<u>\$ 987,337</u>

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS - Continued

##### **Other Governmental Funds - Continued**

###### Debt Service Fund

This fund is used to accumulate interest on Capital Fund proceeds earned during building projects. These funds have to be used to reduce the debt in the General Fund in subsequent years. These funds will be transferred into the General Fund in the future when needed. The total fund balance in the Debt Service Fund at June 30, 2024 increased to \$198,535 after a \$12,910 transfer to General Fund for debt, a \$5,750 transfer into the fund from the Capital Projects Fund and \$16,203 in interest earnings.

###### School Food Service Fund

The School Food Service program is generally funded through State and Federal Aid along with the sale of lunch and breakfast items. The School Food Service Program reflects an \$11,332 profit. The District entered into an agreement with St. Lawrence-Lewis BOCES on February 1, 2019 for shared School Food Management services. The change in fund balance for the year ended June 30, 2024 was \$11,332, which increased the fund balance to \$149,696. School Food Service was certified in the Community Eligibility Provision (CEP) in October of 2023. This ensures that all students are able to receive free breakfast and lunch and help the program remain self sufficient. Food Service continues to utilize a BOCES food service manager and was able to meet all of the corrective action plan items identified after the 2022-2023 audit in the required correction action plan (CAP). The Board of Education will continue to monitor the School Food Service program with the implementation, costs, and participation levels.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS - Continued

##### **Other Governmental Funds - Continued**

##### Capital Projects Fund

The Capital Projects Fund accounts for capital construction projects and other capital purchases. The School District used the Capital Fund during the year to record the purchase of a school bus totaling \$158,485 purchased with the proceeds from a Statutory Installment Bond.

The School District did not utilize any of its NYS Smart Schools Bond Act funds in 2023-2024 as it utilized in Federal Elementary and Secondary School Emergency Relief (ESSER-ARP) funds that were allocated to improve and expand on individual student devices and infrastructure to support access for in-person and remote learning.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

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

Building and improvements have various dates of construction from the 1967 elementary wing project to the renovations, new high school wing and new gym completed in 1999, upgrades completed in 2009, and finally the latest capital project improvements completed in June 2021.

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

The Board of Education revised its June 15, 2004 fixed asset policy on October 19, 2021 to capitalize fixed assets of at least \$1,000 to \$2,500 effective July 1, 2021 and building improvements of at least \$20,000.

Asset Control Solutions, Inc. conducted a physical inventory in May 2018. All assets are tagged and recorded with updates for any purchases or deletions thru June 2024.

Capital Assets, net of accumulated depreciation and amortization totaled \$14,364,988 at June 30, 2024.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2024

**CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued**

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	<b>Balance June 30, 2023</b>	<b>Additions</b>	<b>Retirements / Reclassifications</b>	<b>Balance June 30, 2024</b>
Land	\$ 15,690	\$ -	\$ -	\$ 15,690
Building & Improvements	21,917,521	-	-	21,917,521
Furniture & Equipment	2,670,649	183,910	(115,409)	2,739,150
Intangible Lease Asset - Equipment	36,349	6,000	-	42,349
Less:				
Accumulated Depreciation and Amortization	9,829,559	635,572	(115,409)	10,349,722
<b>Capital Assets, Net</b>	<b>\$ 14,810,650</b>	<b>\$ (445,662)</b>	<b>\$ -</b>	<b>\$14,364,988</b>

For more information refer to Note 5 in the notes to financial statements.

**Short-Term Debt**

The District did not issue any Short-Term debt in 2023-2024.

**Long-Term Debt**

The School District has bonds outstanding on capital projects originally issued from 1999 to 2022. The earliest bond issued, 1999, was complete on June 1, 2019. The last date that bonds will be paid is June 15, 2036.

The District issued Serial Bonds on June 15, 2022 for \$5,045,000 maturing June 15, 2036, carrying an interest rate of 5% for its 2017 Capital project. A statutory installment bond was issued August 24, 2023 for the purchase of one school bus in the amount of \$164,235. Finally, the 2009 bond issue was advance refunded on October 16, 2019 for \$1,460,000 with a remaining balance of \$-0- at June 30, 2024.

The District has complied with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Regulations require the reporting of other post-employment benefits which was completed by securing an actuarial firm, Aquarius Capital Solutions Group, LLC. The District obtained an actuarial valuation report as of June 30, 2024. The OPEB liability was measured as of June 30, 2023.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

The long-term debt is broken down by current (within one year) and long term (after one year). The School District had the following breakdown of debt June 30, 2024 and 2023:

	2023-2024	2022-2023
Due and Payable in One Year	\$ 495,076	\$ 781,869
Due and Payable After One Year	<u>34,359,434</u>	<u>35,591,555</u>
Total Long-Term Debt	<u>\$ 34,854,510</u>	<u>\$ 36,373,424</u>

For more information refer to Note 7 in the notes to financial statements.

#### **Long-Term Debt - Continued**

The District has implemented in previous years the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The District complies with the requirements of this statement by reporting an asset and/or liability for its proportionate of the collective net pensions asset (liability) in the New York State Teachers' and Employees' Retirement Systems. The Statement also requires the District to report a deferred outflow and/or deferred inflow for the effect of the net change in the District's proportion of the collective net pension asset and/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. For more information see Note 8.

#### FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

As we enter the 2024-2025 school year, we are excited to continue to make the most of the remaining federal stimulus funds. During the 2020-2021 school year, our District developed a plan to utilize the American Rescue Plan (ARP) stimulus funds. These funds have been designated to support various aspects of student development and address the challenges posed by the COVID-19 pandemic. We have used these funds to identify learning gaps caused by the pandemic and provide the necessary support to our students.

While the federal stimulus funds have provided some stability to our financial situation, we still face several challenges that impact the economic climate of our School District. Local revenues have been limited by the Tax Cap, and school aid has remained relatively stagnant. The State's current discussion of how State Aid is allocated and the removal of hold harmless is a serious concern for the District and poses a significant challenge to our long-term financial planning.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE - Continued

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Additionally, high inflation and supply chain issues have increased costs for school supplies, food services, and transportation. It is expected that this pressure will be a continuing concern. Furthermore, like many other public school districts, we continue to experience worker shortages specifically in Support roles. The District's current negotiated three-year contract (starting in 2023) with the Sackets Harbor Teachers' Association, includes generous salary increases aligned with local trends.

We have been closely monitoring enrollment numbers, but they seem to have stabilized in recent years.

In our long-term planning, we remain committed to aligning resources with our strategic goals to fulfill our mission and vision. This includes sharing services, providing resources and technology infrastructure to support innovative teaching and personalized learning, ensuring that facilities planning supports educational goals and safety, and strategically utilizing reserve funds.

We have actively collaborated with neighboring entities, such as the Village of Sackets Harbor, the Town of Hounsfield, and Jefferson-Lewis BOCES, to share services and achieve cost containment and savings. For example, we continue to share a tax collector with the Village and have continued with our agreement to share a diesel fueling station. Additionally, we participate in the Tri-County Energy Consortium with various local municipalities. These initiatives aim to bring savings, enhance clean energy, and generate positive results for our community.

In addition to sharing services, we have established reserve funds to plan for the future. We recognize the importance of the Capital Reserve for long-term financial planning and have funded it for future project and facilities improvements. A portion of this fund will be used to offset the costs of the Capital Project that will begin in the 2024-2025 school year. We will continue to plan for the District's Capital ongoing needs utilizing the state mandated Building Condition Survey process as well as periodic reviews with the District's architect and leadership.

During the 2024-2025 school year, our Administration will continue to take steps to improve the fiscal outlook of our school system wherever possible. This includes lobbying lawmakers for creative solutions to ease the financial burden on schools and seeking out other grant opportunities as the stimulus funds come to an end. One such opportunity is the Community Schools Grant, which is helping us maintain academic, social, and emotional support for our students. We will continue to pursue and support learning initiatives funded by grants, particularly during challenging financial times.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE -

Continued

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We are committed to providing a safe, secure, and supportive environment for our students, staff, and school community. To achieve this, we have implemented systems, programs, and protocols to build and maintain a positive culture and climate. We consistently assess our climate and culture through surveys and aim to improve their quality, which directly impacts productivity and student achievement. This school year, we will implement character education/SEL programs and anti-suicide initiatives, as well as offer training on cultural competency, DASA, diversity, equity, inclusion, and emergency preparedness. Additionally, we have contracted with a community-based organization to provide counseling services to our students.

The Village of Sackets Harbor and its surrounding areas continue to attract residents and tourists, especially during the summer months. We are fortunate to have a vibrant community with numerous events and opportunities throughout the year. Despite declining population trends in New York State, the housing market in and around the Village has shown improvement. The Village, Town, Chamber of Commerce, and other organizations collaborate to ensure growth and development while keeping taxes manageable.

We are aware of potential solar projects in our District, and we will closely monitor their impact. At this time, no PILOT agreements have been requested.

As stated at the beginning, our mission is to empower students to embrace life's challenges with knowledge, character, and a commitment to learning. We will continue to provide quality educational opportunities while minimizing the financial impact on local taxpayers. We will analyze qualitative and quantitative data to accomplish our goals and leverage partnerships with community organizations for the benefit of our taxpayers and students.

Thank you for your attention to this management discussion and analysis. We appreciate your support and collaboration as we strive to provide the best educational experience for our students and community.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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This 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 information, contact the District Clerk at the following address: Sackets Harbor Central School, P.O. Box 290, Sackets Harbor, N.Y., 13685.

# SACKETS HARBOR CENTRAL SCHOOL DISTRICT

## AUDITED BASIC FINANCIAL STATEMENTS

### STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES

June 30, 2024

#### ASSETS

Cash and Cash Equivalents	
Unrestricted	\$ 1,079,551
Restricted	2,726,418
Receivables	
Accounts Receivable	24,379
State and Federal Aid	388,700
Due From Other Governments	166,197
Inventories	13,249
Capital Assets, Net	14,364,988
<b>TOTAL ASSETS</b>	<b>\$ 18,763,482</b>

#### DEFERRED OUTFLOWS OF RESOURCES

Other Postemployment Benefits	\$ 3,397,861
Pensions	1,747,226
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 5,145,087</b>

#### LIABILITIES

Payables	
Accounts Payable	\$ 89,263
Accrued Liabilities	38,305
Accrued Interest	16,864
Due to Other Governments	103
Due to Teachers' Retirement System	348,226
Due to Employees' Retirement System	41,003
Unearned Credits	
Unearned Revenues - Other	3,559
Long-Term Liabilities	
Due and Payable Within One Year	
Bonds Payable, Net of Unamortized Premium	486,248
Lease Liability	8,828
Due and Payable After One Year	
Bonds Payable, Net of Unamortized Premium	4,842,222
Net Pension Liability - Proportionate Share	660,373
Compensated Absences Payable	60,156
Other Postemployment Benefits Payable	28,787,411
Lease Liability	9,272
<b>TOTAL LIABILITIES</b>	<b>\$ 35,391,833</b>

#### DEFERRED INFLOWS OF RESOURCES

Other Postemployment Benefits	\$ 8,321,610
Pensions	388,155
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 8,709,765</b>

#### NET POSITION

Net Investment in Capital Assets	\$ 9,018,418
Restricted for:	
Debt Service	198,535
Other Legal Restrictions	2,514,973
Unrestricted (Deficit)	(31,924,955)
<b>TOTAL NET POSITION</b>	<b>\$ (20,193,029)</b>

See notes to audited basic financial statements.



**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION –  
GOVERNMENTAL ACTIVITIES**

Year Ended June 30, 2024

		<b>Program Revenues</b>		<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Charges for</b>	<b>Operating</b>	<b>Revenue and</b>
		<b>Services</b>	<b>Grants</b>	<b>Changes in</b>
				<b>Net Position</b>
<b>FUNCTIONS/PROGRAMS</b>				
General Support	\$ 1,939,139	\$ 126	\$ -	\$ (1,939,013)
Instruction	7,853,783	-	988,146	(6,865,637)
Pupil Transportation	690,192	-	-	(690,192)
Debt Service - Interest	228,527	-	-	(228,527)
School Food Service Program	330,744	40,690	260,189	(29,865)
Total Functions and Programs	<u>\$ 11,042,385</u>	<u>\$ 40,816</u>	<u>\$ 1,248,335</u>	<u>(9,753,234)</u>
<b>GENERAL REVENUES</b>				
Real Property Taxes				4,223,260
Other Tax Items				242,814
Use of Money and Property				225,318
Sale of Property and Compensation for Loss				89,690
Gain on Disposition of Property				5,750
State Sources				4,765,491
Medicaid Reimbursement				17,531
Federal Sources				76,109
Miscellaneous				188,494
Total General Revenues				<u>9,834,457</u>
Change in Net Position				81,223
Net Position - Beginning of Year				<u>(20,274,252)</u>
Net Position - End of Year				<u><u>\$ (20,193,029)</u></u>

See notes to audited basic financial statements.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**BALANCE SHEET – GOVERNMENTAL FUNDS**

June 30, 2024

	<u>General</u>	<u>Special Aid</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents				
Unrestricted	\$ 912,950	\$ 61,272	\$ 105,329	\$ 1,079,551
Restricted	2,450,031	-	276,387	2,726,418
Receivables				
Accounts Receivable	24,379	-	-	24,379
Due From Other Funds	313,654	-	19,077	332,731
State and Federal Aid	101,210	269,416	18,074	388,700
Due From Other Governments	166,197	-	-	166,197
Inventories	-	-	13,249	13,249
<b>TOTAL ASSETS</b>	<u><u>\$ 3,968,421</u></u>	<u><u>\$ 330,688</u></u>	<u><u>\$ 432,116</u></u>	<u><u>\$ 4,731,225</u></u>
<b>LIABILITIES</b>				
Payables				
Accounts Payable	\$ 88,918	\$ -	\$ 345	\$ 89,263
Accrued Liabilities	38,305	-	-	38,305
Due to Other Funds	19,077	300,744	12,910	332,731
Due to Other Governments	-	-	103	103
Due to Teachers' Retirement System	319,252	28,974	-	348,226
Due to Employees' Retirement System	38,280	970	1,753	41,003
Unearned Credits				
Unearned Revenues	-	-	3,559	3,559
Total Liabilities	<u>503,832</u>	<u>330,688</u>	<u>18,670</u>	<u>853,190</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	13,249	13,249
Restricted	2,450,031	-	263,477	2,713,508
Assigned	837,770	-	136,720	974,490
Unassigned	176,788	-	-	176,788
Total Fund Balances	<u>3,464,589</u>	<u>-</u>	<u>413,446</u>	<u>3,878,035</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 3,968,421</u></u>	<u><u>\$ 330,688</u></u>	<u><u>\$ 432,116</u></u>	<u><u>\$ 4,731,225</u></u>

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See notes to audited basic financial statements.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION**

June 30, 2024

**Total Fund Balance - Governmental Funds** **\$ 3,878,035**

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

Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.

Net Pension Liability - Proportionate Share - TRS	\$ 193,418	
Net Pension Liability - Proportionate Share - ERS	<u>466,955</u>	(660,373)

Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Other Postemployment Benefits	\$ 8,321,610	
Pensions	<u>388,155</u>	(8,709,765)

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Other Postemployment Benefits	\$ 3,397,861	
Pensions	<u>1,747,226</u>	5,145,087

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

The Cost of Capital Assets is	\$ 24,714,710	
Accumulated Depreciation and Amortization is	<u>(10,349,722)</u>	14,364,988

Long-term liabilities, including bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities, at year end, consist of:

Bonds Payable	\$ 4,939,235	
Lease Liability	18,100	
Accrued Interest on Bonds Payable	16,864	
Compensated Absences Payable	60,156	
Other Postemployment Benefits Payable	28,787,411	
Premium on Bond Issue	<u>389,235</u>	(34,211,001)

**Total Net Position (Deficit) - Governmental Activities** **\$ (20,193,029)**

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See notes to audited basic financial statements.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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

Year Ended June 30, 2024

	<u>General</u>	<u>Special Aid</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Real Property Taxes	\$ 4,223,260	\$ -	\$ -	\$ 4,223,260
Other Tax Items	242,814	-	-	242,814
Charges for Services	126	-	-	126
Use of Money and Property	209,115	-	16,203	225,318
Sale of Property and Compensation for Loss	89,690	-	-	89,690
State Sources	4,765,491	155,032	97,033	5,017,556
Medicaid Reimbursement	17,531	-	-	17,531
Federal Sources	76,109	833,114	143,408	1,052,631
Surplus Food	-	-	19,748	19,748
Sales - School Food Service	-	-	40,690	40,690
Miscellaneous	136,041	-	52,453	188,494
Total Revenues	<u>9,760,177</u>	<u>988,146</u>	<u>369,535</u>	<u>11,117,858</u>
<b>EXPENDITURES</b>				
General Support	1,334,301	-	-	1,334,301
Instruction	4,240,864	923,627	-	5,164,491
Pupil Transportation	394,409	4,779	-	399,188
Employee Benefits	2,465,574	94,602	28,518	2,588,694
Other Expenditures	-	-	63,205	63,205
Debt Service				
Principal	744,135	-	-	744,135
Interest	257,196	-	-	257,196
Food Service Program				
General Support	-	-	127,125	127,125
Cost of Sales	-	-	133,904	133,904
Capital Outlay	-	-	158,485	158,485
Total Expenditures	<u>9,436,479</u>	<u>1,023,008</u>	<u>511,237</u>	<u>10,970,724</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>323,698</u>	<u>(34,862)</u>	<u>(141,702)</u>	<u>147,134</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Proceeds from Debt	-	-	164,235	164,235
Operating Transfers In	12,910	34,862	5,750	53,522
Operating Transfers (Out)	(34,862)	-	(18,660)	(53,522)
Total Other Financing Sources (Uses)	<u>(21,952)</u>	<u>34,862</u>	<u>151,325</u>	<u>164,235</u>
Net Change in Fund Balances	301,746	-	9,623	311,369
Fund Balances - Beginning of Year	3,162,843	-	403,823	3,566,666
Fund Balances - End of Year	<u>\$ 3,464,589</u>	<u>\$ -</u>	<u>\$ 413,446</u>	<u>\$ 3,878,035</u>

See notes to audited basic financial statements.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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

Year Ended June 30, 2024

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 311,369</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position assets with an initial, individual cost of more than \$2,500 are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization expense exceeded capital outlays in the current period.

Capital Outlays	\$ 189,910	
Depreciation and Amortization Expense	<u>(635,572)</u>	(445,662)

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt and lease repayments made in the current period for bonds and lease	744,135
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Proceeds of long-term debt and lease obligations are recorded as revenue for governmental funds but are not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received and lease obligations in the current	(164,235)
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The following items resulted in decreased interest expense being reported on the Statement of Activities:

Amortization of bond premium	\$ 37,013	
Amortization of deferred charge on bond refunding	(5,460)	
Increase in accrued interest	<u>(2,884)</u>	28,669

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See notes to audited basic financial statements.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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

Year Ended June 30, 2024

In the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay), special termination benefits (early retirement) --are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (17,098)

On the Statement of Activities, the actual and projected long term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas on the governmental funds only the actual expenditures are recorded for postemployment benefits. (52,848)

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

Teachers' Retirement System	\$ (250,837)	
Employees' Retirement System	<u>(72,270)</u>	<u>(323,107)</u>
<b>Change in Net Position of Governmental Activities</b>		<u><u>\$ 81,223</u></u>

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2024

	<b>Custodial</b>
<b>ASSETS</b>	
Cash	
Restricted	\$ -
Total Assets	\$ -
<b>LIABILITIES</b>	
Other Liabilities	\$ -
Total Liabilities	-
<b>NET POSITION</b>	\$ -

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See notes to audited basic financial statements.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

Year Ended June 30, 2024

	<b>Custodial</b>
<b>ADDITIONS</b>	
Taxes Collected for Other Governments (Library Levy)	<u>\$ 62,000</u>
Total Additions	<u>62,000</u>
<b>DEDUCTIONS</b>	
Payment of Tax to Other Governments (Library Levy)	<u>62,000</u>
Total Deductions	<u>62,000</u>
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	<u><u>\$ -</u></u>

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See notes to audited basic financial statements.



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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

##### Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39*, GASB Statement 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, GASB 84, *Fiduciary Activities*, and GASB 97, *Certain Component Unit Criteria*, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 And No. 84, and a Supersession of GASB 32. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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##### Extra Classroom Activity Funds

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

##### **Joint Venture**

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

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

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

During the year, the District was billed \$1,490,651 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$431,197. This represents state aid distributions of \$369,327 and 2023 fund balance returned to schools of \$61,870.

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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##### **Basis of Presentation**

###### District-Wide Statements

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

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

###### Fund Statements

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

The District reports the following governmental funds:

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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##### **Basis of Presentation – Continued**

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

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

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

Extra Classroom Activity Funds: Used to account for funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extra classroom activity funds are independent of the District with respect to its financial transactions and the designation of student management.

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

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

The District reports the following fiduciary funds:

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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##### **Basis of Presentation – Continued**

There is one class of fiduciary funds:

Custodial Funds: These funds are limited to assets that are being held for individuals, private organizations, or other governments that are not held in a trust. Assets are held by the District as agent for property taxes collected on behalf of other governments.

##### **Measurement Focus and Basis of Accounting**

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

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, pensions, and other post-employment benefits which are recognized as expenditures to the extent they have matured. General capital asset, intangible lease asset, and intangible subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases and subscriptions with terms greater than one year are reported as other financing sources.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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##### **Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, 2023, and became a lien on August 15, 2023. Taxes are collected during the period September 1, 2023 through October 31, 2023.

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

##### **Restricted Resources**

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

##### **Interfund Transactions**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow.

These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

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

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Estimates**

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

**Cash and Cash Equivalents**

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

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

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

**Receivables**

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

**Inventories**

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

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Other Assets**

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

**Capital Assets and Intangible Lease Assets**

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

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

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

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Buildings and Improvements	\$ 20,000	SL	20-50 Years
Furniture and Equipment	2,500	SL	5-25 Years

The District does not possess any infrastructure.

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$2,500 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term (3-5 years) consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.



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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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##### Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement 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 OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

##### **Unearned Revenue**

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

##### **Vested Employee Benefits**

###### Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

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

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

##### **Other Benefits**

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

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

##### **Other Benefits – Continued**

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

##### **Short-Term Debt**

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

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

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Accrued Liabilities and Long-Term Obligations**

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

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

**Equity Classifications**

District-Wide Statements

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

**Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) and intangible lease assets (present value of future payments remaining on the term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

Fund Statements

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

**Nonspendable** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Food Service Fund of \$13,249.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Equity Classifications – Continued**

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

**Capital Reserve**

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

**Unemployment Insurance**

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

**Extra Classroom Activity Funds**

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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##### Equity Classifications – Continued

###### Debt Service

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

###### Tax Certiorari

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

###### Retirement Contributions

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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##### Equity Classifications – Continued

Restricted fund balance includes the following at June 30, 2024:

General Fund	
Capital Reserve	\$ 2,069,657
Unemployment Insurance	18,206
Retirement Contributions - NYSERS	136,531
Retirement Contributions - NYSTRS	120,145
Tax Certiorari	105,492
Debt Service Fund	198,535
Extra Classroom Activity Funds	64,942
Total Restricted Funds	<u>\$ 2,713,508</u>

**Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2024.

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

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

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

##### **Equity Classifications – Continued**

###### Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

##### **New Accounting Standards**

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

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

##### **Future Changes in Accounting Standards**

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

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ended June 30, 2025.

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ended June 30, 2026.

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



**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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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 District-wide statements, compared with the current financial resources focus of the governmental funds.

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

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

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

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

1. Long-Term Revenue and Expense Differences:

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

2. Capital Related Differences:

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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

3. Long-Term Debt Transaction Differences:

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

4. Pension Differences:

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

5. OPEB Differences:

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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##### **Budgets**

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

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

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The original budget was increased by \$85,000 as a result of a property settlement from a contractor specific to the capital improvement project for flooring damages.

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

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

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

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##### 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 restrictions or assignments applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid.

##### Other

The District's School Food Service fund balance was in excess of the allowable three months average expenditures under 7CFR §210.14(b) by \$49,856. Effective July 1, 2024, USDA approved the New York State Education Department (SED) to increase the net cash resource limitation to six months average operating expenditures. Based on this change the District will be compliant July 1, 2024.

The following funds had an excess of actual expenditures over the budget for the year: Finance over budget by \$17,128 and Debt Service over budget by \$1,774.

#### NOTE 4 – CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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##### Cash

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

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

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 233,758

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### **NOTE 4 – CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS - Continued**

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##### **Cash - Continued**

Restricted cash and cash equivalents represents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents as of year-end includes \$2,450,031 restricted for various fund balance reserves in the General Fund, \$64,942 restricted for extra classroom in the Extra Classroom Activity Funds and \$211,445 restricted in the Debt Service Fund within the governmental funds.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2024 all deposits were fully insured and collateralized by the District's agent, but not in the District's name.

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

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

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

##### **Investment Pool – NYCLASS**

The District participated in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article §5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2024, the District held \$3,185,737 in the General Fund through the cooperative classified as unrestricted and restricted cash.

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 5 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS**

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In accordance with the provisions of GASB Statement No 87, *Leases*, the District has recognized an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various items and other equipment.

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

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Ending Balance</b>
Capital Assets That Are Not Depreciated:				
Land	\$ 15,690	\$ -	\$ -	\$ 15,690
Total Nondepreciable Assets	<u>15,690</u>	<u>-</u>	<u>-</u>	<u>15,690</u>
Other Capital Assets:				
Buildings and Improvements	21,917,521	-	-	21,917,521
Furniture and Equipment	2,670,649	183,910	(115,409)	2,739,150
Intangible Lease Assets - Equipment	36,349	6,000	-	42,349
Total Other Capital Assets	<u>24,624,519</u>	<u>189,910</u>	<u>(115,409)</u>	<u>24,699,020</u>
Less Accumulated Depreciation:				
Buildings and Improvements	7,942,883	435,437	-	8,378,320
Furniture and Equipment	1,886,676	187,839	(115,409)	1,959,106
Less Accumulated Amortization:				
Intangible Lease Assets - Equipment	-	12,296	-	12,296
Total Accumulated Depreciation and Amortization	<u>9,829,559</u>	<u>635,572</u>	<u>(115,409)</u>	<u>10,349,722</u>
Total Other Capital Assets, Net	<u>14,794,960</u>	<u>(445,662)</u>	<u>-</u>	<u>14,349,298</u>
Capital Assets, Net	<u>\$ 14,810,650</u>	<u>\$ (445,662)</u>	<u>\$ -</u>	<u>\$ 14,364,988</u>

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

General Support	\$ 88,087
Instruction	416,560
Pupil Transportation	<u>130,925</u>
Total Depreciation and Amortization Expense	<u>\$ 635,572</u>

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### **NOTE 6 - SHORT-TERM DEBT**

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There were no short-term debt financing transactions during the year ended June 30, 2024.

#### **NOTE 7 – LONG-TERM DEBT OBLIGATIONS**

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

##### **Serial Bonds**

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

##### **Lease Liabilities**

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 7 - LONG-TERM DEBT OBLIGATIONS - Continued**

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

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Bonds and Notes Payable:					
General Obligation Debt:					
Serial Bonds	\$ 5,510,886	\$ 164,235	\$ 735,886	\$ 4,939,235	\$ 449,235
Premium on Bonds	426,248	-	37,013	389,235	37,013
Total Bonds and Notes Payable	<u>5,937,134</u>	<u>164,235</u>	<u>772,899</u>	<u>5,328,470</u>	<u>486,248</u>
Other Liabilities:					
Compensated Absences Payable	43,058	17,098	-	60,156	-
Other Postemployment Benefits	29,366,530	-	579,119	28,787,411	-
Net Pension Liability - Proportionate Share	1,000,353	-	339,980	660,373	-
Lease Liability	<u>26,349</u>	<u>-</u>	<u>8,249</u>	<u>18,100</u>	<u>8,828</u>
Total Other Liabilities	<u>30,436,290</u>	<u>17,098</u>	<u>927,348</u>	<u>29,526,040</u>	<u>8,828</u>
Total Governmental Activities	<u>\$ 36,373,424</u>	<u>\$ 181,333</u>	<u>\$ 1,700,247</u>	<u>\$ 34,854,510</u>	<u>\$ 495,076</u>

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



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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 7 - LONG-TERM DEBT OBLIGATIONS – Continued**

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Existing serial and statutory bond obligations as of June 30, 2024 are as follows:

<b>Description</b>	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Interest Rate (%)</b>	<b>Balance</b>
Serial Bonds - 2022	6/15/22	6/15/36	5.00%	\$ 4,520,000
Bus Purchase	8/29/19	8/1/24	1.50%	25,000
Bus Purchase	8/20/20	8/1/25	0.5% - 1.59%	50,000
Bus Purchase	8/20/21	8/1/26	0.7% - 1.6%	75,000
Bus Purchase	8/25/22	8/1/27	2.5% - 4.0%	105,000
Bus Purchase	8/24/23	8/1/28	4.05% - 4.90%	164,235
Total Serial Bonds				<u>\$ 4,939,235</u>

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 449,235	\$ 240,936	\$ 690,171
2026	440,000	218,910	658,910
2027	435,000	199,283	634,283
2028	430,000	178,888	608,888
2029	420,000	158,358	578,358
2030-2034	2,235,000	478,500	2,713,500
2035-2036	530,000	32,500	562,500
Totals	<u>\$ 4,939,235</u>	<u>\$ 1,507,375</u>	<u>\$ 6,446,610</u>

Existing lease obligations as of June 30, 2024 are as follows:

<b>Description</b>	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Interest Rate (%)</b>	<b>Balance</b>
Computer Equipment - RIC	5/18/2023	12/1/2025	5.04%	<u>\$ 18,100</u>

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 7 - LONG-TERM DEBT OBLIGATIONS – Continued**

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 8,828	\$ 522	\$ 9,350
2026	9,272	78	9,350
	<u>\$ 18,100</u>	<u>\$ 600</u>	<u>\$ 18,700</u>

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

Interest Paid	\$ 257,196
Less: Interest Accrued in the Prior Year	(13,980)
Plus: Interest Accrued in the Current Year	16,864
Plus: Amortization of Deferred Charge on Bond Refunding	5,460
Less: Amortization of Bond Premium	<u>(37,013)</u>
Total Interest on Long-Term Debt	<u>\$ 228,527</u>

**NOTE 8 - PENSION PLANS**

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**General Information**

The District participates in the New York State Teachers' Retirement System (NYSTRS) and the New York State Employees' Retirement System (NYSERS). These are cost-sharing multiple employer public employee defined benefit retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 8 - PENSION PLANS – Continued

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##### **Teachers' Retirement System (TRS) Plan Description**

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

##### **Employees' Retirement System (ERS) Plan Description**

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 8 - PENSION PLANS – Continued

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##### TRS Benefits Provided

###### Benefits

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

###### *Tier 1*

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

###### *Tier 2*

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

###### *Tier 3*

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

###### *Tier 4*

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

###### *Tier 5*

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

###### *Tier 6*

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 8 - PENSION PLANS – Continued

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##### TRS Benefits Provided – Continued

###### Service Retirements

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

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

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

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

###### Vested Benefits

Retirement benefits for Tiers 1-6 are now vested after 5 years of credited service. Prior to April 9, 2022, Tier 5 and 6 members to attain 10 years of state service credit to be vested. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

###### Disability Retirement

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 8 - PENSION PLANS – Continued

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##### TRS Benefits Provided – Continued

###### Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

###### Prior and Military Service

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

###### Tier Reinstatement

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

###### Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of maximum annual benefit. The applicable percentage payable beginning September 2022 and 2021 is 3.0% and 1.4%, respectively. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 - PENSION PLANS – Continued**

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**ERS Benefits Provided**

Benefits

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

*Tier 1 and 2*

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

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

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

*Tier 3, 4, and 5*

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 - PENSION PLANS – Continued**

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**ERS Benefits Provided – Continued**

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

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

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

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

Vested Benefits

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



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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 8 - PENSION PLANS – Continued

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##### ERS Benefits Provided – Continued

###### Disability Retirement Benefits

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

###### Ordinary Death Benefits

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

###### Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for 5 years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for 5 years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 - PENSION PLANS – Continued**

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**Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2023 and received an overall discount of \$942).

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

	<b>NYSTRS</b>	<b>NYSERS</b>
2023 - 2024	\$ 321,433	\$ 130,996
2022 - 2023	302,277	107,793
2021 - 2022	265,171	137,047

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 - PENSION PLANS – Continued**

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

At June 30, 2024, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2024	June 30, 2023
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (466,955)	\$ (193,418)
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0031714%	0.016913%
Change in Proportion (%) Since the Prior Measurement Date	0.0000645%	-0.0004980%

# SACKETS HARBOR CENTRAL SCHOOL DISTRICT

## NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

### NOTE 8 - PENSION PLANS – Continued

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

For the year ended June 30, 2024, the District's recognized pension expense of \$250,837 for TRS and \$72,270 for ERS. At June 30, 2024, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 150,406	\$ 468,988	\$ 12,733	\$ 1,159
Changes of Assumptions	176,545	416,424	-	90,757
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	98,872	228,105	-
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	45,318	43,069	7,880	47,521
District's Contributions Subsequent to the Measurement Date	42,809	304,795	-	-
Total	<u>\$ 415,078</u>	<u>\$ 1,332,148</u>	<u>\$ 248,718</u>	<u>\$ 139,437</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2025, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

	<b>ERS</b>	<b>TRS</b>
2025	\$ (74,609)	\$ 84,024
2026	101,605	(98,095)
2027	144,278	772,712
2028	(47,723)	52,918
2029	-	44,597
Thereafter	-	31,760

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 - PENSION PLANS – Continued**

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**Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2024	June 30, 2023
Actuarial Valuation Date	April 1, 2023	June 30, 2022
Interest Rate	5.9%	6.95%
Salary Scale	4.4%	1.3%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation Rate	2.9%	2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For ERS, 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. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 - PENSION PLANS – Continued**

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**Actuarial Assumptions – Continued**

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

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

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2024	June 30, 2023
Asset Type		
Domestic Equity	4.00%	6.80%
International Equity	6.65%	7.60%
Private Equity	7.25%	10.10%
Global Equity		7.20%
Real Estate	4.60%	6.30%
Opportunistic/Absolute Return Strategies Portfolio	5.25%	
Credit	5.40%	
Real Assets	5.79%	
Fixed Income	1.50%	
Cash	0.25%	0.30%
Private Debt		6.00%
Real Estate Debt		3.20%
Domestic Fixes Income Securities		2.20%
Global Bonds		1.60%
High-Yield Bonds		4.40%

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 - PENSION PLANS – Continued**

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**Discount Rate**

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

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

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

	<b>1% Decrease (4.9%)</b>	<b>Current Assumption (5.9%)</b>	<b>1% Increase (6.9%)</b>
<b>ERS</b>			
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,468,154)	\$ (466,955)	\$ 369,254
	<b>1% Decrease (5.95%)</b>	<b>Current Assumption (6.95%)</b>	<b>1% Increase (7.95%)</b>
<b>TRS</b>			
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (2,945,858)	\$ (193,418)	\$ 2,121,503

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 - PENSION PLANS – Continued**

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**Pension Plan Fiduciary Net Position**

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

	(In Thousands)		
	ERS	TRS	Total
Measurement Date	March 31, 2024	June 30, 2023	
Employer's Total Pension Asset (Liability)	\$ (240,696,851)	\$ (138,365,122)	\$ (379,061,973)
Plan Net Position	<u>225,972,801</u>	<u>137,221,537</u>	<u>363,194,338</u>
Employer's Net Pension Asset (Liability)	<u>\$ (14,724,050)</u>	<u>\$ (1,143,585)</u>	<u>\$ (15,867,635)</u>
Ratio of Plan Net Position to the			
Employer's Total Pension Asset (Liability)	93.88%	99.17%	

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$41,003. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$348,226.



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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 9 - INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS**

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Interfund balances at June 30, 2024 are as follows:

	<b>Interfund</b>		<b>Interfund</b>	
	<b>Receivable</b>	<b>Payable</b>	<b>Revenues</b>	<b>Expenditures</b>
General	\$ 313,654	\$ 19,077	\$ 12,910	\$ 34,862
Capital Projects	-	-	-	5,750
Special Aid	-	300,744	34,862	-
School Food Service	19,077	-	-	-
Debt Service	-	12,910	5,750	12,910
Total	<u>\$ 332,731</u>	<u>\$ 332,731</u>	<u>\$ 53,522</u>	<u>\$ 53,522</u>

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – FUND BALANCE EQUITY**

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The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2024:

<b>FUND BALANCES</b>	<b>General</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
Nonspendable			
Inventory	\$ -	\$ 13,249	\$ 13,249
Restricted			
Unemployment Insurance	18,206	-	18,206
Retirement Contributions - NYSERS	136,531	-	136,531
Retirement Contributions - NYSTRS	120,145	-	120,145
Tax Certiorari	105,492	-	105,492
Capital Reserve	2,069,657	-	2,069,657
Debt Service	-	198,535	198,535
Extra Classroom Activity Funds	-	64,942	64,942
Assigned			
Designated for Next Fiscal Year	837,770	-	837,770
School Food Service	-	136,720	136,720
Unassigned			
General Fund	176,788	-	176,788
Total Governmental Fund Balances	<u>\$ 3,464,589</u>	<u>\$ 413,446</u>	<u>\$ 3,878,035</u>

**NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)  
BENEFITS**

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**General Information about the OPEB Plan**

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

##### BENEFITS - Continued

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##### General Information about the OPEB Plan - Continued

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

*Employees Covered by Benefit Terms* – At July 1, 2023 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	71
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>68</u>
Total Covered Employees	<u><u>139</u></u>

The District recognized the cost of providing health insurance annually as expenditures in the General Fund of the fund financials statements as payments are made. For the year ended June 30, 2024 the District recognized \$849,699 for its share of insurance premiums for currently enrolled retirees.

The District participates in the Jefferson-Lewis Et. Al. Employees' Healthcare Insurance Plan (the Plan). The Plan allows eligible District employees and spouses to continue health coverage upon retirement. The Plan does issue a publicly available financial report.

Eligible teachers and administrators are those who are at least age 55 with 10 years of service. Employees must also be eligible to retire under ERS or TRS.

- Surviving spouses are permitted to continue coverage after death of the retiree, but are responsible for paying 100% of the plan premium.
- Employees retired prior to 7/1/94 pay 0%; employees retired after 7/1/94 and hired prior to 7/1/06 pay 10%; employees retired on or after 7/1/2014 but before 7/1/2015 pay at a rate of 11%, employees retired on or after 7/1/2015 pay at a rate of 12%, employees hired after 7/1/06 pay 17%.
- Medicare Part B premiums are reimbursed 100% for Medicare-eligible retirees and dependents.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 11 - POSTEMPLOYMENT (HEALTH INSURANCE)  
BENEFITS - Continued**

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**General Information about the OPEB Plan - Continued**

- Retiree healthcare benefits are provided through the Provider Choice POS Plan and the Traditional Indemnity Plan.
  - The Traditional Indemnity Plan is self-insured indemnity plan offered through Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES.
  - The Provider Choice POS Plan is a self-insured POS plan offered through Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES.

**Total OPEB Liability**

The District has obtained an actuarial valuation report as of June 30, 2024 which indicates that the total liability for other postemployment benefits is \$28,787,411 which is reflected in the Statement of Net Position. The OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2023.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Methods and Assumptions**

Measurement Date	6/30/2023
Rate of Compensation Increase	3.00%
Discount Rate	4.00%

**Assumed Pre-65 Medical Trend Rates at June 30**

Health Care Cost Trend Rate Assumed for Next Fiscal Year	6.75%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.50%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2034

**Assumed Post-65 Medical Trend Rates at June 30**

Health Care Cost Trend Rate Assumed for Next Fiscal Year	6.75%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.50%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2034

**Additional Information**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in Years)	6.504
Method Used to Determine Actuarial Value of Assets	N/A

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 11 - POSTEMPLOYMENT (HEALTH INSURANCE)  
BENEFITS – Continued**

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**Total OPEB Liability – Continued**

The discount rate was based on using an average of two 20-year bond indices (e.g. S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GO AA 20 Years) as of June 30, 2023.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2022 – June 30, 2023.

**Changes in the Total OPEB Liability**

Balance at June 30, 2023	\$ 29,366,530
Changes for the Year	
Service Cost	633,141
Interest	1,154,617
Changes of Assumptions or Other Inputs	(1,364,642)
Benefit Payments	<u>(1,002,235)</u>
Net Changes	<u>(579,119)</u>
Balance at June 30, 2024	<u><u>\$ 28,787,411</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.77 percent as of June 30, 2022 to 4.00 percent as of June 30, 2023.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 11 - POSTEMPLOYMENT (HEALTH INSURANCE)****BENEFITS – Continued**

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**Total OPEB Liability – Continued**

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.00 percent) or 1 percentage point higher (5.00 percent) than the current discount rate:

	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
Total OPEB Liability	<u>\$ 33,728,246</u>	<u>\$ 28,787,411</u>	<u>\$ 24,883,471</u>

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 3.5 percent) or 1 percentage point higher (trend increasing to 5.5 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 3.5%)	Healthcare Cost Trend Rates (Trend Decreasing to 4.5%)	1% Increase (Trend Plus 1% Increasing to 5.5%)
Total OPEB Liability	<u>\$ 24,581,150</u>	<u>\$ 28,787,411</u>	<u>\$ 34,208,584</u>

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 11 - POSTEMPLOYMENT (HEALTH INSURANCE)  
BENEFITS – Continued**

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$52,848. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions or Other Inputs	\$ 2,397,448	\$ 8,321,610
Benefit Payments Subsequent to the Measurement Date	<u>1,000,413</u>	<u>-</u>
	<u>\$ 3,397,861</u>	<u>\$ 8,321,610</u>

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

**Fiscal Year Ending June 30**

2025	\$ (555,325)
2026	(1,039,817)
2027	(1,553,792)
2028	(1,667,134)
2029	(1,002,348)
Thereafter	<u>(105,746)</u>
	<u>\$ (5,924,162)</u>

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 12 - RISK MANAGEMENT

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##### General

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

##### Consortiums and Self-Insured Plans

The District participates in the Jefferson-Lewis Et. Al. School Employees' Healthcare Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 16 individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$750,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$750,000 limit and the District has essentially transferred all related risk to the pool.

The District participates in the Black River Valley Schools Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$-0-.

#### NOTE 13 - CONTINGENCIES AND COMMITMENTS

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



**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

**LAST SEVEN FISCAL YEARS**

Ended June 30, 2024

<b>Total OPEB Liability</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 633,141	\$ 613,040	\$ 1,012,803	\$ 1,099,131	\$ 851,232	\$ 891,972	\$ 1,041,702
Interest	1,154,617	1,432,717	744,869	740,708	838,823	978,678	859,403
Changes in Assumptions or Other Inputs	(1,364,642)	(10,227,430)	1,486,207	4,271,100	2,753,587	(1,050,317)	(3,101,309)
Benefit Payments	(1,002,235)	(909,793)	(851,077)	(805,222)	(796,532)	(613,904)	(567,554)
<b>Net Change in Total OPEB Liability</b>	<u>(579,119)</u>	<u>(9,091,466)</u>	<u>2,392,802</u>	<u>5,305,717</u>	<u>3,647,110</u>	<u>206,429</u>	<u>(1,767,758)</u>
<b>Total OPEB Liability - Beginning</b>	<u>29,366,530</u>	<u>38,457,996</u>	<u>36,065,194</u>	<u>30,759,477</u>	<u>27,112,367</u>	<u>26,905,938</u>	<u>28,673,696</u>
<b>Total OPEB Liability - Ending</b>	<u>\$28,787,411</u>	<u>\$29,366,530</u>	<u>\$38,457,996</u>	<u>\$36,065,194</u>	<u>\$30,759,477</u>	<u>\$27,112,367</u>	<u>\$26,905,938</u>
<b>Covered Payroll</b>	\$ 3,776,684	\$ 3,616,601	\$ 3,616,601	\$ 3,573,382	\$ 3,573,382	\$ 3,745,235	\$ 3,675,631
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	762.24%	811.99%	1063.37%	1009.27%	860.79%	723.92%	732.01%

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

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

Year Ended June 30, 2024

	<b>Original Budget</b>	<b>Final Budget</b>
<b>REVENUES</b>		
Local Sources		
Real Property Taxes	\$ 4,225,002	\$ 4,225,002
Other Tax Items	243,091	243,091
Charges for Services	1,000	1,000
Use of Money and Property	24,500	24,500
Sale of Property and Compensation for Loss	7,000	92,000
Miscellaneous	95,385	95,385
Total Local Sources	4,595,978	4,680,978
State Sources	4,838,396	4,838,396
Medicaid Reimbursement	-	-
Federal Sources	37,500	37,500
Total Revenues	9,471,874	9,556,874
<b>OTHER FINANCING SOURCES</b>		
Transfers from Other Funds	12,910	12,910
Total Revenues and Other Financing Sources	9,484,784	9,569,784
<b>EXPENDITURES</b>		
General Support		
Board of Education	13,600	34,341
Central Administration	146,639	192,554
Finance	204,533	286,505
Staff	31,060	28,621
Central Services	548,564	813,153
Special Items	137,693	137,693
Total General Support	1,082,089	1,492,867
Instruction		
Instruction, Administration and Improvement	218,625	171,807
Teaching - Regular School	2,480,149	2,286,599
Programs for Children with Handicapping Conditions	1,132,625	1,126,726
Occupational Education	238,073	232,489
Teaching - Special School	-	-
Instructional Media	359,573	259,418
Pupil Services	350,910	377,140
Total Instruction	4,779,955	4,454,179
Pupil Transportation	409,828	409,828
Community Service	1,017	1,017
Employee Benefits	2,650,673	2,650,671
Debt Service	999,557	999,557
Total Expenditures	9,923,119	10,008,119
<b>OTHER FINANCING USES</b>		
Operating Transfers to Other Funds	36,665	36,665
Total Expenditures and Other Financing Uses	9,959,784	10,044,784
Net Change in Fund Balance	(475,000)	(475,000)
Fund Balances - Beginning	3,162,843	3,162,843
Fund Balances - End	\$ 2,687,843	\$ 2,687,843

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# SACKETS HARBOR CENTRAL SCHOOL DISTRICT

Actual	Final Budget Variance With Actual
\$ 4,223,260	\$ (1,742)
242,814	(277)
126	(874)
209,115	184,615
89,690	(2,310)
136,041	40,656
<u>4,901,046</u>	<u>220,068</u>
4,765,491	(72,905)
17,531	17,531
76,109	38,609
<u>9,760,177</u>	<u>203,303</u>
12,910	-
<u>9,773,087</u>	<u>\$ 203,303</u>

	Year-End Encumbrances	With Actual and Encumbrances
32,394	\$ -	\$ 1,947
192,122	-	432
303,633	-	(17,128)
23,594	-	5,027
649,077	-	164,076
133,481	-	4,212
<u>1,334,301</u>	<u>-</u>	<u>158,566</u>
165,989	-	5,818
2,178,144	-	108,455
1,095,626	-	31,100
227,722	-	4,767
-	-	-
211,080	-	48,338
362,303	-	14,837
<u>4,240,864</u>	<u>-</u>	<u>213,315</u>
394,409	-	15,419
-	-	1,017
2,465,574	-	185,097
1,001,331	-	(1,774)
<u>9,436,479</u>	<u>-</u>	<u>571,640</u>
34,862	-	1,803
<u>9,471,341</u>	<u>\$ -</u>	<u>\$ 573,443</u>
301,746		
3,162,843		
<u>\$ 3,464,589</u>		

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

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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS  
PENSION PLAN  
LAST TEN FISCAL YEARS  
Ended June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Teachers' Retirement System (TRS)</b>										
District's Proportion of the Net Pension Asset (Liability)	0.016913%	0.017411%	0.016393%	0.016267%	0.016222%	0.016960%	0.017258%	0.017303%	0.017118%	0.017639%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (193,418)	\$ (334,104)	\$ 2,840,824	\$ (449,507)	\$ 421,444	\$ 306,676	\$ 131,176	\$ (185,326)	\$ 1,777,987	\$ 1,964,819
District's Covered Payroll	\$ 3,123,644	\$ 3,084,957	\$ 2,782,490	\$ 2,761,063	\$ 2,707,932	\$ 2,762,352	\$ 2,734,782	\$ 2,680,205	\$ 2,576,315	\$ 2,614,982
District's Proportionate Share of the Net Pension Asset (Liability) as Percentage of its Covered Payroll	6.19%	10.83%	102.10%	16.28%	15.56%	11.10%	4.80%	6.91%	69.01%	75.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	99.17%	98.57%	113.25%	97.96%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
<b>Employees' Retirement System (ERS)</b>										
District's Proportion of the Net Pension Asset (Liability)	0.0031714%	0.0031069%	0.0025544%	0.0025943%	0.2876300%	0.0031941%	0.0030030%	0.0029084%	0.0028289%	0.0026408%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (466,955)	\$ (666,249)	\$ 208,808	\$ (2,583)	\$ (761,660)	\$ (226,314)	\$ (96,920)	\$ (273,281)	\$ (454,042)	\$ (89,212)
District's Covered Payroll	\$ 1,068,789	\$ 982,500	\$ 883,342	\$ 938,361	\$ 919,359	\$ 891,556	\$ 917,146	\$ 813,612	\$ 781,912	\$ 763,829
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	43.69%	67.81%	23.64%	0.28%	82.85%	25.38%	10.57%	33.59%	58.07%	11.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN**  
**LAST TEN FISCAL YEARS**  
 Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Teachers' Retirement System (TRS)</b>										
Contractually Required Contribution	\$ 321,433	\$ 302,277	\$ 265,171	\$ 244,630	\$ 287,556	\$ 270,729	\$ 320,516	\$ 354,052	\$ 450,752	\$ 423,391
Contributions in Relation to the Contractually Required Contribution	321,433	302,277	265,171	244,630	287,556	270,729	320,516	354,052	450,752	423,391
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$3,123,644	\$3,084,957	\$2,782,490	\$2,761,063	\$2,707,932	\$2,762,352	\$2,734,782	\$2,680,205	\$2,576,315	\$2,576,315
Contributions as a Percentage of Covered Payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.21%	17.50%	16.43%
<b>Employees' Retirement System (ERS)</b>										
Contractually Required Contribution	\$ 130,996	\$ 107,793	\$ 137,047	\$ 131,455	\$ 126,793	\$ 128,567	\$ 133,346	\$ 121,881	\$ 139,969	\$ 144,538
Contributions in Relation to the Contractually Required Contribution	130,996	107,793	137,047	131,455	126,793	128,567	133,346	121,881	139,969	144,538
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$1,068,789	\$ 982,500	\$ 883,342	\$ 938,361	\$ 919,359	\$ 891,556	\$ 917,146	\$ 813,612	\$ 781,912	\$ 781,912
Contributions as a Percentage of Covered Payroll	12.26%	10.97%	15.51%	14.01%	13.79%	14.42%	14.54%	14.98%	17.90%	18.49%

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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

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

June 30, 2024

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 9,959,784
Add: Prior Year's Encumbrances	<u>-</u>
Original Budget	9,959,784
Budget Revision	85,000
Final Budget	<u><u>\$ 10,044,784</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION**

2024-2025 Voter Approved Expenditure Budget	<u>\$ 10,337,486</u>
Maximum Allowed 4% of 2024-2025 Budget	<u><u>\$ 413,499</u></u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 837,770
Unassigned Fund Balance	<u>176,788</u>
Total Unrestricted Fund Balance	<u>1,014,558</u>
Less:	
Appropriated Fund Balance	<u>837,770</u>
Total Adjustments	<u>837,770</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 176,788</u></u>
Actual Percentage	<u><u>1.71%</u></u>

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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES**

Year Ended June 30, 2024

PROJECT TITLE	Expenditures					Methods of Financing						
	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	BANS Redeemed From Appropriations	Proceeds Of Obligations	Local Sources	Total	Transfer To Other Funds	Fund Balance 6/30/2024
Buses	\$ 169,552	\$ 169,552	\$ -	\$ 158,485	\$ 158,485	\$ 11,067	\$ -	\$ 164,235	\$ -	\$ 164,235	\$ 5,750	\$ -
Totals	<u>\$ 169,552</u>	<u>\$ 169,552</u>	<u>\$ -</u>	<u>\$ 158,485</u>	<u>\$ 158,485</u>	<u>\$ 11,067</u>	<u>\$ -</u>	<u>\$ 164,235</u>	<u>\$ -</u>	<u>\$ 164,235</u>	<u>\$ 5,750</u>	<u>\$ -</u>

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



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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2024

	<b>School Food Service</b>	<b>Capital- Buses</b>	<b>Debt Service</b>	<b>Extra Classroom Activity</b>	<b>Total Non-Major Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents					
Unrestricted	\$105,329	\$ -	\$ -	\$ -	\$ 105,329
Restricted	-	-	211,445	64,942	276,387
Receivables					
Due From Other Funds	19,077	-	-	-	19,077
State and Federal Aid	18,074	-	-	-	18,074
Inventories	13,249	-	-	-	13,249
<b>TOTAL ASSETS</b>	<u>\$155,729</u>	<u>\$ -</u>	<u>\$211,445</u>	<u>\$ 64,942</u>	<u>\$ 432,116</u>
<b>LIABILITIES</b>					
Payables					
Accounts Payable	\$ 345	\$ -	\$ -	\$ -	\$ 345
Due to Employees' Retirement System	1,753	-	-	-	1,753
Due to Other Funds	-	-	12,910	-	12,910
Due to Other Governments	103	-	-	-	103
Unearned Credits					
Unearned Revenues	3,559	-	-	-	3,559
Total Liabilities	<u>5,760</u>	<u>-</u>	<u>12,910</u>	<u>-</u>	<u>18,670</u>
<b>FUND BALANCES</b>					
Nonspendable	13,249	-	-	-	13,249
Restricted	-	-	198,535	64,942	263,477
Assigned	136,720	-	-	-	136,720
Total Fund Balances	<u>149,969</u>	<u>-</u>	<u>198,535</u>	<u>64,942</u>	<u>413,446</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$155,729</u>	<u>\$ -</u>	<u>\$211,445</u>	<u>\$ 64,942</u>	<u>\$ 432,116</u>

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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2024

	<b>School Food Service</b>	<b>Capital- Buses</b>	<b>Debt Service</b>	<b>Extra Classroom Activity</b>	<b>Total Non-Major Funds</b>
<b>REVENUES</b>					
State Sources	\$ 97,033	\$ -	\$ -	\$ -	\$ 97,033
Federal Sources	143,408	-	-	-	143,408
Surplus Food	19,748	-	-	-	19,748
Sales - School Food Service	40,690	-	-	-	40,690
Use of Money and Property	-	-	16,203	-	16,203
Miscellaneous	-	-	-	52,453	52,453
Total Revenues	<u>300,879</u>	<u>-</u>	<u>16,203</u>	<u>52,453</u>	<u>369,535</u>
<b>EXPENDITURES</b>					
General Support	127,125	-	-	-	127,125
Employee Benefits	28,518	-	-	-	28,518
Other Expenditures	-	-	-	63,205	63,205
Cost of Sales	133,904	-	-	-	133,904
Capital Outlay	-	158,485	-	-	158,485
Total Expenditures	<u>289,547</u>	<u>158,485</u>	<u>-</u>	<u>63,205</u>	<u>511,237</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,332</u>	<u>(158,485)</u>	<u>16,203</u>	<u>(10,752)</u>	<u>(141,702)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Operating Transfers In	-	-	5,750	-	5,750
Operating Transfers (Out)	-	(5,750)	(12,910)	-	(18,660)
Proceeds from Debt	-	164,235	-	-	164,235
Total Other Financing Sources and (Uses)	<u>-</u>	<u>158,485</u>	<u>(7,160)</u>	<u>-</u>	<u>151,325</u>
Net Change in Fund Balance	11,332	-	9,043	(10,752)	9,623
Fund Balances - Beginning of Year	<u>138,637</u>	<u>-</u>	<u>189,492</u>	<u>75,694</u>	<u>403,823</u>
Fund Balances - End of Year	<u>\$ 149,969</u>	<u>\$ -</u>	<u>\$ 198,535</u>	<u>\$ 64,942</u>	<u>\$ 413,446</u>

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NET INVESTMENT IN CAPITAL ASSETS**

Year Ended June 30, 2024

Capital Assets, Net		\$ 14,364,988
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## Deduct:

Premium on Bonds Payable	\$ 389,235	
Short-Term Portion of Bonds Payable	449,235	
Long-Term Portion of Bonds Payable	4,490,000	
Short-Term Portion of Lease Liability	8,828	
Long-Term Portion of Lease Liability	9,272	
	<u>5,346,570</u>	

Net Investment in Capital Assets		<u>\$ 9,018,418</u>
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See paragraph on supplementary schedules included in independent auditor's report.

## **FEDERAL AWARD PROGRAM INFORMATION**

**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**

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**BOARD OF EDUCATION  
SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

We have audited, in accordance with the auditing standards of generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sackets Harbor 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 Sackets Harbor Central School District's basic financial statements and have issued our report thereon dated October 7, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Sackets Harbor 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 Sackets Harbor Central School District's internal control. Accordingly, we do not express an opinion of the effectiveness of Sackets Harbor Central School District's internal control.

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

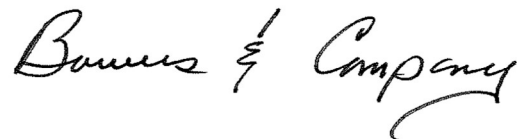
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Sackets Harbor 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 your audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the date.

Watertown, New York  
October 7, 2024

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

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**BOARD OF EDUCATION  
SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Sackets Harbor Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sackets Harbor Central School District's major federal programs for the year ended June 30, 2024. Sackets Harbor 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, Sackets Harbor 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 Sackets Harbor 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 Sackets Harbor 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 Sackets Harbor Central School District's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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



## Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Banner & Company". The signature is written in a cursive, flowing style.

Watertown, New York  
October 7, 2024

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2024

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE</b>	<b>Assistance Listing Number</b>	<b>Agency or Pass-Through Number</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Education</u></b>			
<b>Passed-Through NYS Education Department:</b>			
Title I Grants to Local Educational Agencies	84.010A	0021-24-1190	\$ 119,387
Special Education Cluster:			
Special Education – Grants to States (IDEA, Part B)	84.027A	0032-24-0320	112,538
Special Education – Preschool Grants (IDEA Preschool)	84.173A	0033-24-0320	3,915
Total Special Education Cluster			<u>116,453</u>
Education Stabilization Fund:			
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief -ARP ESSER	84.425U	5880-21-1190	540,369
Total Education Stabilization Fund			<u>540,369</u>
Student Support and Academic Enrichment Program	84.424A	0204-24-1190	10,000
Supporting Effective Instruction State Grants	84.367A	0147-24-1190	14,381
Total Passed Through NYS Education Department			<u>800,590</u>
<b>Direct Programs:</b>			
Rural Education	84.358A		32,524
Impact Aid	84.041		76,109
Total Direct Programs from U.S. Department of Education			<u>108,633</u>
Total U.S. Department of Education			<u>909,223</u>
<b><u>U. S. Department of Agriculture</u></b>			
<b>Passed-Through NYS Education Department:</b>			
Local Food for Schools Cooperative Agreement Program	10.185		2,442
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555		12,231
Fresh Fruit and Vegetable Program	10.582		7,517
Non-Cash Assistance Subtotal			<u>19,748</u>
Cash Assistance			
School Breakfast Program	10.553		16,246
COVID-19: Supply Chain Assistance Grant	10.555		33,166
National School Lunch Program	10.555		91,554
Cash Assistance Subtotal			<u>140,966</u>
Total Child Nutrition Cluster			<u>160,714</u>
Total Passed Through NYS Education Department			<u>163,156</u>
Total U.S. Department of Agriculture			<u>163,156</u>
Total Federal Assistance			<u>\$ 1,072,379</u>

See paragraph on supplementary schedules included in independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

#### NOTE 1 – BASIS OF PRESENTATION

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

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

#### NOTE 2 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

---

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

The federal expenditures are recognized under the Uniform Guidance.

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

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

#### NOTE 3 – SUBRECIPIENTS

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No amounts were provided to subrecipients.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

#### NOTE 4 – SCOPE OF AUDIT

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

#### NOTE 5 – OTHER DISCLOSURES

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

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

#### NOTE 6 – NON-MONETARY FEDERAL PROGRAM

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The District is the recipients of federal award programs that do not result in cash receipts or disbursements. The District was granted \$12,231 of commodities under the National School Lunch Program (Assistance Listing 10.555) and \$7,517 under the Fresh Fruit and Vegetable Program (Assistance Listing 10.582).

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2024

#### NOTE A – SUMMARY OF AUDITOR’S RESULTS

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1. The auditor’s report expresses an unmodified opinion on the basic financial statements of Sackets Harbor Central School District.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the basic financial statements of Sackets Harbor Central School District.
3. No instance of noncompliance material to the financial statements of Sackets Harbor Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs of Sackets Harbor Central School District.
5. The auditor’s report on compliance for the major federal award programs for Sackets Harbor Central School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR Section 200.516(a) related to the major federal award programs for Sackets Harbor Central School District.
7. The program tested as a major program is:
  - U.S. Department of Education
  - Passed Through New York State Education Department
  - Education Stabilization Fund:
  - COVID-19 Elementary and Secondary School Emergency Relief (ARP ESSER) 84.425U
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Sackets Harbor Central School District was determined to be a low-risk auditee.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2024

**NOTE B – FINDINGS – FINANCIAL STATEMENT AUDIT**

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There were no findings to report.

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

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There were no findings to report.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

June 30, 2024

**NOTE A – FINDINGS – FINANCIAL STATEMENT AUDIT**

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There were no prior year audit findings.

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

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There were no prior year audit findings.

**EXTRA CLASSROOM ACTIVITY FUNDS**



## **INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS**

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### **BOARD OF EDUCATION SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

#### **Opinion**

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Sackets Harbor Central School District for the year ended June 30, 2024, and the related note to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of Extra Classroom Activity Funds of Sackets Harbor Central School District for the year ended June 30, 2024, in accordance with the cash basis of accounting described in Note 1.

#### **Basis for Opinion**

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

#### **Emphasis of Matter – Basis of Accounting**

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

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances.

Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

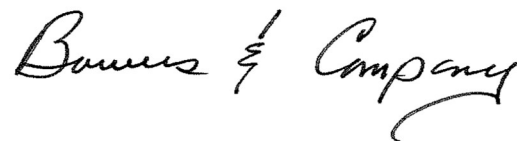
### **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the cash basis of accounting as described in Note 1, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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



Watertown, New York  
October 7, 2024

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**EXTRA CLASSROOM ACTIVITY FUNDS – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

Year Ended June 30, 2024

	<b>Cash Balance 7/1/2023</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Cash Balance 6/30/2024</b>
Class of:				
2023	\$ 662	\$ -	\$ 662	\$ -
2024	7,165	5,554	8,572	4,147
2025	6,893	4,510	2,146	9,257
2026	4,174	2,806	1,234	5,746
2027	1,442	5,211	3,192	3,461
2028	1,770	3,434	4,090	1,114
2029	390	74	-	464
2030	-	686	-	686
5th Grade Funds	369	-	-	369
Art Club	1,348	472	-	1,820
Cheerleaders	390	-	-	390
Environmental Club	1,017	2,107	2,154	970
Jr. Honor Society	1,140	-	-	1,140
Library Club	190	1,624	1,084	730
Music Club	459	-	-	459
Odyssey of the Mind	-	837	-	837
Honor Society	749	-	112	637
Sentinels	1,669	-	400	1,269
SPARK	29,994	8,688	15,355	23,327
Spanish Club	267	-	-	267
Sports Club	311	3,760	3,769	302
Whiz Quiz	4,096	1,000	1,000	4,096
World Literature Travelers	8,708	6,994	13,592	2,110
Yearbook	1,773	2,840	3,269	1,344
	<u>74,976</u>	<u>50,597</u>	<u>60,631</u>	<u>64,942</u>
NYS Sales Tax	<u>718</u>	<u>1,856</u>	<u>2,574</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 75,694</u></u>	<u><u>\$ 52,453</u></u>	<u><u>\$ 63,205</u></u>	<u><u>\$ 64,942</u></u>

See note to the financial statement.

## **SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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### **EXTRA CLASSROOM ACTIVITY FUNDS - NOTE TO FINANCIAL STATEMENTS**

June 30, 2024

#### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

---

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

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

October 7, 2024

To the Board of Education  
Sackets Harbor Central School District

In planning and performing our audit of the financial statements of Sackets Harbor Central School District for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of certain matters that are an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comments and recommendations regarding these matters. This letter does not affect our report dated October 7, 2024, on the financial statements of Sackets Harbor Central School District.

### **Condition: Lack of Approval Signature on Bank Reconciliations**

Although we were advised that all bank reconciliations are approved by the Business Official, there was no signature on the "approved by" line of the monthly bank reconciliation forms for the various cash accounts.

### **Recommendation**

We recommend that the reconciliations be signed as an indication of approval. Doing so would take little additional time and might even prevent time from being wasted by inadvertent review of reconciliations that had already been reviewed. The approval signature also provides an audit trail that supports the internal control over bank reconciliations is complete.

### **Management's Response**

The Business Official has always approved all monthly bank reconciliations after they were completed and signed by the Senior Account Clerk (who has no access to the bank accounts as a check and balance). This was never formalized with a signature and has been the process that the District has always had in place but the Business Official will now formally sign each reconciliation each month.

### **Condition: Budget Amendment Not Approved**

We noted the \$85,000 budget amendment to the General Fund budget to reflect the property settlement with the increase in budget appropriations for the same amount was not approved by the BOE.

### **Recommendation:**

We recommend that all budget amendment be presented to the BOE for review and approval prior to adjusting original approved budget amounts in the general ledger software.

### **Management's Response:**

The BOE held several discussions regarding the flooring settlement as well as the final \$85,000 settlement but there was a clerical error where a resolution wasn't presented to the BOE to formally accept the adjustment. Clearly the District completely agrees that all budget amendments should be presented to the BOE for review and approval.

### **Condition: Extra Classroom Activity Funds**

The following items were noted during our audit of Extra Classroom Activity Funds:

- It was found that student ledgers are not always maintained for all clubs by student treasurer and club advisors, and that there is not a formal reconciliation process to verify balances between student ledgers and the central treasurers' records on a regular basis, specifically at year-end.
- The Central Treasurer's year end report did not tie back to the student ledgers maintained in nVision software.
- 2 of 5 Profit and loss forms noted that fundraiser was subject to sales tax when the fundraising event was exempt from sales tax. Noted that no sales tax was collected on these two fundraisers.
- We noted that 4 clubs did not have any activity during the year so may be inactive clubs

## **Recommendation**

We suggest the central treasurer, student treasurers and advisors review the NYS SED Publication, *The Safeguarding, Accounting and Auditing of Extra Classroom Activity Funds*, which outlines the procedures that should be followed regarding record keeping within the Extra Classroom Activity Fund. Annual training should be provided based on the publication to all individuals involved. Student ledgers should be maintained and reconciled with the central treasurer's records on a regular basis, and notably at year-end. We also recommend that all fundraising events be reviewed to determine if subject to sales tax collection and noted on the activity request form. Clubs that are deemed to be inactive should be closed in accordance with their bylaws.

## **Management's Response**

The District will ensure that all Extra Curricular Activity accounts are for student run clubs only with their respective ledgers maintained by student treasurers and advisors. The above recommended NYSED Publication was provided to the Central Treasurer by the School's Business Official in March of 2024 with an explanation that everyone managing ECAs should be familiar with the document. Then, prior to school starting, the Business Official met with all ECA advisors providing a paper copy of the document, highlighting key areas. This was then followed up with an email with a link to the document for anyone that wasn't able to attend.

It is important to note that while the "...reports did not tie back..." the ECA account year end cash balances were accurate but how items were accounted for was different and there was a "due from" accounting mistake that did not affect the cash balances. It should also be noted, that while the 2 of 5 Profit and Loss forms were inaccurate, all actions and cash management were accurate.

The four clubs mentioned did not have financial transactions but are either still active clubs or in one case a pending club that still has student interest but has not yet been reactivated. The District will close that one pending club. The District reviews all clubs annually to insure all inactive clubs are closed.

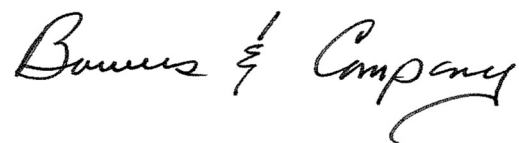
In summary,

- all ECA accounts will be for student run clubs only with their respective ledgers maintained by student treasurers and advisors,
- a formal reconciliation process of all debits and credits (not just ending balances) will be implemented to verify balances between the students' ledgers and central treasurer's on a regular basis as well as a similar monthly reconciliation with nVision,
- annual ECA fiscal training will continue,
- completed profit and loss forms will be updated as information that might change the tax status of the event is received so the forms remain accurate,
- the District will close the Cheerleading club and continue with their annual review of clubs to ensure inactive clubs are closed and will no longer hold clubs open if it is anticipated they are going to be restarted.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and suggestions with various District personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of management, the Board of Education, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Watertown, New York  
October 7, 2024



October 7, 2024

To the President and Members  
Of the Board of Education  
Sackets Harbor Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sackets Harbor Central School District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 6, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sackets Harbor Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by Sackets Harbor Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciation and amortization is based on economic useful lives of capital asset classes.

Management estimates actuarial assumptions that are used to determine pension asset (liabilities) and annual pension cost for the year in accordance with GASB Statement No. 68.

Management estimates actuarial assumptions that are used to determine annual postretirement cost for the year in accordance with GASB Statement No. 75.

Management's estimate of present value of right to use leased assets, and lease liability is based on the discount rate or implicit interest rate within the agreements in accordance with GASB Statement No. 87, *Leases*.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 7, 2024.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Sackets Harbor Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Sackets Harbor Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to *Management's Discussion and Analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund, Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan, and Schedule of District's Contributions – NYSLRS Pension Plan*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on *Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet- Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances- Non-Major Governmental Funds, and Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Education  
Sackets Harbor Central School District  
October 7, 2024  
Page 4

Restriction on Use

This information is intended solely for the use of Board of Education and management of Sackets Harbor Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Bowers & Company*

**Material Misstatements Corrected by Management**

**Government-Wide**

***Non-Current Governmental Assets:***

<b>Adjusting Journal Entries JE # 4</b>			
To record current year depreciation			
K00159	Total Non-Current Governmental Assets	623,276.00	
K00112	Accumulated Depreciation - Buildings		435,437.00
K00114	Accumulated Depreciation - Equipment		187,839.00
<b>Total</b>		<b>623,276.00</b>	<b>623,276.00</b>
<b>Adjusting Journal Entries JE # 5</b>			
To adjust OPEB deferred outflows to actual			
K00159	Total Non-Current Governmental Assets	1,403,328.00	
K00496.1	Deferred Outflows of Resources - OPEB		1,403,328.00
<b>Total</b>		<b>1,403,328.00</b>	<b>1,403,328.00</b>
<b>Adjusting Journal Entries JE # 8</b>			
To adjust pension deferred outflows			
K00159	Total Non-Current Governmental Assets	519,864.00	
K00496	Deferred Outflows of Resources - TRS Pension		451,874.00
K00496.00	Deferred Outflows of Resources - ERS Pension		67,990.00
<b>Total</b>		<b>519,864.00</b>	<b>519,864.00</b>

**Material Misstatements Corrected by Management - Continued**

***Non-Current Governmental Liabilities***

**Adjusting Journal Entries JE # 1**

To adjust OPEB deferred Inflows to actual.

W697.1	Deferred Inflows of Resources - OPEB	771,361.00	
W125	Provision in Future Budgets		771,361.00
<b>Total</b>		<b>771,361.00</b>	<b>771,361.00</b>

**Adjusting Journal Entries JE # 2**

To adjust OPEB to actual balance

W683	OPEB	579,119.00	
W125	Provision in Future Budgets		579,119.00
<b>Total</b>		<b>579,119.00</b>	<b>579,119.00</b>

**Governmental Funds**

***Special Aid Fund***

**Reclassifying Journal Entries JE # 1**

To move REAP grant and expenditures to special aid fund

F 410	STATE & FEDERAL AID RECEIVABLE	32,524.00	
F2630.160-00-REAP	REAP Non-Instructional Salaries	32,524.00	
F 630.01	DUE TO OTHER FUND-GENERAL		32,524.00
F 4289	OTHER FEDERAL GRANTS		32,524.00
<b>Total</b>		<b>65,048.00</b>	<b>65,048.00</b>

## FORM OF OPINION OF BOND COUNSEL

June 26, 2025

Sackets Harbor Central School District  
11 Hall Avenue  
Star Lake, New York

Re: Sackets Harbor Central School District  
\$844,000 Bond Anticipation Notes, 2025 Series A (Renewals), CUSIP No.: \_\_\_\_\_

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$844,000 Bond Anticipation Notes, 2025 Series A (Renewals) (referred to herein as the “Notes”), of the Sackets Harbor Central School District, Jefferson County, State of New York (the “District”). The Notes are dated June 26, 2025 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, a resolution of the District in respect of the Notes and a Certificate of Determination dated on or before June 26, 2025 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

In our opinion (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

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

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

Very truly yours,

WJ Marquardt PLLC



## FORM OF OPINION OF BOND COUNSEL

July 2, 2025

Sackets Harbor Central School District  
11 Hall Avenue  
Star Lake, New York

Re: Sackets Harbor Central School District  
\$2,100,000 Bond Anticipation Notes, 2025 Series B, CUSIP No.: \_\_\_\_\_

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$2,100,000 Bond Anticipation Notes, 2025 Series B (referred to herein as the “Notes”), of the Sackets Harbor Central School District, Jefferson County, State of New York (the “District”). The Notes are dated July 2, 2025 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, a resolution of the District in respect of the Notes and a Certificate of Determination dated on or before July 2, 2025 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

In our opinion (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

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

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

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