PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individual. For tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

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

$24,635,000

MASSENA CENTRAL SCHOOL DISTRICT

ST. LAWRENCE COUNTY, NEW YORK

GENERAL OBLIGATIONS

$24,635,000 Bond Anticipation Notes, 2023 (Renewals)

(the "Notes")

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

The Notes are general obligations of the Massena Central School District, St. Lawrence County, New York (the "School District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "THE NOTES – Nature of the Obligation" and "TAX INFORMATION - Tax Levy Limitation Law" herein. **The Notes will not be subject to redemption prior to maturity.**

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

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

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

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

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on June 8, 2023 by no later than 11:00 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 School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

May 24, 2023

THE SCHOOL 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 NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE SCHOOL 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.

MASSENA CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2022-2023 BOARD OF EDUCATION

PAUL HAGGETT
President

AMBER BAINES
Vice President

JODELE HAMMOCK
JOYCE GIROUX
SUSAN LAMBERT.
ROBERT LEBLANC
PATRICIA MURPHY
KEVIN PERRETTA
DANIEL TUSA

* * * * *

PATRICK BRADY
Superintendent

NICKOLAS BROUILLETTE
Business Manager

ASHLEY SNYDER
District Clerk

MALLORY OLSON
Treasurer

FERRARA FIORENZA PC
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

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For the Fiscal Year Ending June 30, 2022

PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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OFFICIAL STATEMENT

OF THE

MASSENA CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK

RELATING TO

$24,635,000 Bond Anticipation Notes, 2023 (Renewals)

This Official Statement, which includes the cover page and appendices, has been prepared by the Massena Central School District, St. Lawrence County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $24,635,000 principal amount of Bond Anticipation Notes, 2023 (Renewals) (the "Notes").

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

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

THE NOTES

Description of the Notes

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

The Notes will be dated June 28, 2023 and will mature June 28, 2024. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The District will act as Paying Agent for the Notes.

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

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution of the School District dated January 16, 2020 authorizing the issuance of $43,690,000 obligations to finance the construction of improvements to and reconstruction of School District buildings and facilities (including athletic field improvements) at a maximum estimated cost of $49,690,000 (the "Capital Project"). The balance of the Capital Project authorization will be financed with the expenditure of $6,000,000 of capital reserve fund monies.

The proceeds of the Notes, along with $165,000 available funds of the District, will renew and redeem $24,800,000 bond anticipation notes maturing on June 29, 2023 for the Capital Project.

Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

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

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

BOOK-ENTRY-ONLY SYSTEM

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

DTC, 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 and www.dtc.org.

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

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

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

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

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

The School District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered 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 ON THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

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

Certificated Notes Under Certain Circumstances

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

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

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THE SCHOOL DISTRICT

General Information

The School District is located in northern New York State, adjacent to the St. Lawrence River which separates the United States from Canada. It has a land area of approximately 95 square miles. The School District is located an hour from Ottawa and Montreal and the Adirondack Mountains are located 30 minutes away.

The School District is well diversified industrially (see "Major Industries" below) and commercially (shopping mall, large box stores, and local businesses). The District is also home to the New York Power Authority, the Snell and Eisenhower Locks and the Robert Moses-Robert H. Saunders Dam.

Major highways serving the School District include State highways #56, #420 and #37 which connect the School District with Interstate highways #81 and #87. The Seaway International Bridge provides the community with direct access to the province of Ontario, Canada. The Town of Massena International Airport is served by US Air commuter service.

The School District is within a thirty-minute drive of four colleges and universities; Clarkson University, St. Lawrence University, SUNY Canton and SUNY Potsdam. Paul Smith's College and several Canadian colleges are within a short drive.

Recreational opportunities abound on the St. Lawrence, Grasse, and Raquette Rivers, all of which flow through the School District. Numerous parks, beaches, walking trails, marinas and boat launches can be found within the School District. The Nature Center provides cross country skiing, snowshoeing and other activities.

Massena Memorial Hospital provides modern and excellent health care services. The Massena Museum and the Massena Library provide quality educational opportunities to the community.

Source: District officials.

District Population

The estimated population of the School District is 16,681. (Source: U.S. Census Bureau, 2017-2021 American Community Survey data.)

Major Industries

The Town of Massena has been home to Alcoa since 1903 and the plant is the oldest continuously operating aluminum smelting facility in the world. On November 1, 2016, Alcoa split into two new companies. Alcoa Corp. separated from its parent company Alcoa Inc., and is now named Arconic Inc. Both companies operate as independent, publicly-traded companies and have facilities in the Town of Massena. Alcoa Inc. maintains the aluminum smelter, while Arconic Inc. runs aluminum products manufacturing, fabrication and sales functions at its location.

In March 2019, the State reached a 7-year deal with Arconic Inc. The new contract provides Alcoa with a 240-megawatt low cost allocation from the New York Power Authority St. Lawrence-Franklin D. Roosevelt Power Project through 2026. The contract included the protection 450 employees at the Alcoa plant which builds on a 2018 agreement with Arconic Inc. that secured 145 employees.

A former General Motors ("GM") production facility located in the Town of Massena closed and phased out its operations in 2008. Listed as a federal Superfund site by the U.S. Environmental Protection Agency, the location has been under control of the Revitalizing Auto Communities' Environmental Response ("RACER") Trust since General Motors filed for Chapter 11 protection from creditors in 2009. The RACER Trust is actively remarketing the former GM site for re-use/redevelopment.

Source: District officials.

Industrial Park

The Massena Industrial Park (the "Park") offers 55 fully-serviced acres zoned for light and medium industrial use. The Park, owned by the Massena Industrial Development Corporation, is located in the Town of Massena.

Park infrastructure includes 8-inch and 10-inch water mains, 8-inch sewer mains, and an access and full-loop road. Natural gas is supplied by the St. Lawrence Gas Company, and electricity is supplied by the Massena Electric Department, a municipal power system. A Conrail line runs adjacent to the Park.

To date, a number of industrial buildings have been constructed on Park land. One, at the north-central extreme of Park property, was built in 1980 for aluminum recovery from dross. It was vacated, and is now planned for a new manufacturing facility. Seaway Industries, a division of the local Association for Retarded Children (ARC) has a 16,000 square foot building in the Park that provides training and employment for developmentally disabled people. Current tenants of the Industrial Park include Fockler Industries, Op-Tech, NY Power Tools, Massena Gold Coffee Roasters, South Side Auto, and Curran Renewable Energy, a wood pellet producing plant.

Source: District officials.

Larger Employers

Name	Type	Approx. Number Employed
ALCOA	Industry	450 (1)
Massena CSD	Public Education	450
Massena Memorial Hospital	Healthcare	300
NYS Power Authority	Power	270
St. Lawrence Seaway	Transportation	155
Arconic	Industry	145

(1) See "Major Industries" herein.

Source: District officials.

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, County and State 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 or the State are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2006-2010	2016-2020	2017-2021	2006-2010	2016-2020	2017-2021
Towns of:						
Massena	$ 21,017	$ 27,945	$ 28,499	$ 47,452	$ 59,943	$ 62,896
Louisville	29,275	45,682	45,350	64,250	102,639	112,893
Norfolk	23,425	27,330	27,193	40,707	50,262	55,250
Brasher	19,243	25,671	27,305	50,463	54,340	62,813
County of:						
St. Lawrence	20,143	26,676	27,457	50,384	66,843	69,328
State of:						
New York	30,948	40,898	43,208	67,405	87,270	92,731

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

Source: U.S. Census Bureau, 2006-2010, 2016-2020 and 2017-2021 American Community 5-year data.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the County of St. Lawrence. The information set forth below with respect to the 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 the County or State is necessarily representative of the District, or vice versa.

Annual Averages

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

2023 Monthly Figures

	Jan	Feb	Mar	Apr	May
St. Lawrence County	5.3%	4.5%	4.1%	N/A	N/A
New York State	4.6	4.5	4.0	N/A	N/A

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

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

Form of School Government

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

Financial Organization

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

Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the School District for the ensuing fiscal year. A public hearing on such budget is held not less than seven 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.

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 "Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the 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 Tax Cap also must receive at least 60% voter approval.

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

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

The budget for the 2022-2023 fiscal year was adopted by qualified voters on May 17, 2022 by a vote of 396 to 97. The budget for the 2022-2023 fiscal year called for a tax levy increase of 0% which was below the District's maximum allowable tax levy increase of 3.7% for the 2022-2023 fiscal year.

The budget for the 2023-2024 fiscal year was adopted by qualified voters on May 16, 2023 by a vote of 357 to 62. The budget for the 2023-2024 fiscal year called for a tax levy increase of 0.00%, which was below the District's maximum allowable tax levy increase of 3.92% for the 2023-2024 fiscal year.

Investment Policy

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

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) Savings Accounts, Now Accounts or Money Market Accounts of designated banks, (2) Certificates of Deposit issued by a bank or trust company located and authorized to do business in New York State, (3) Demand Deposit Accounts in a bank or trust company authorized to do business in New York State, (4) Obligations of New York State, (5) Obligations of the United States Government (U.S. Treasury Bills and Notes), (6) Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2023-24 fiscal year, approximately 71.51% 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 "MARKET AND RISK FACTORS" herein.)

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.

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.

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. 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.

Federal aid received by the State.

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2023-2024 preliminary building aid ratios, the District expects to receive State building aid of approximately 97.9% 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 (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2018-2019): The State's 2018-2019 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately $859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at $26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. $50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-2019.

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

School district fiscal year (2020-2021): Due to the extraordinary challenges from the COVID-19 health crisis creating a significant loss in revenue to the State, the State's Enacted 2020-2021 Budget includes a total of $27.9 billion State aid, which is essentially the same amount of State aid to school districts included in the State's 2019-2020 Enacted Budget. The State's Enacted 2020-2021 Budget includes a "pandemic adjustment" for each school district, a reduction in State funding that will match how much school districts expect to receive from the federal CARES stimulus program. In addition, the State's Enacted 2020-2021 Budget authorizes the State Budget Director to make uniform reductions to appropriations (including the appropriations for State aid to school districts) if the State's Enacted 2020-2021 Budget becomes unbalanced because revenues fall below projections or expenditures rise above projections during a given period. The proposed reductions would be shared with the Legislature which would then have 10 days to prepare and adopt their own plan. If the Legislature does not do so, the Budget Director's proposed reductions would go into effect automatically.

School district fiscal year (2021-2022): The State's 2021-22 Budget includes $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 includes the use of $13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which includes, 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 are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are to be 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.

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

School district fiscal year (2023-2024): The State's Budget for fiscal 2023-24 was enacted on May 2, 2024 and provides for a total of $34 billion in State funding to school districts for the 2023-24 school year. The enacted budget for fiscal 2023-24 represents a $3.2 billion or 10.4% increase in State funding for education, and includes a $2.629, or 12.3% percent Foundation Aid increase. The State's 2023-24 Enacted Budget provides $134 million to increase access to free school meals. A $20 million in grant funding will establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of $10 million over two years in competitive funding for school district, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional $150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State. In fiscal years 2022 and 2023, public school districts were awarded $14 billion of federal elementary and secondary school emergency relief funds, available for use over multiple years.

State Aid Litigation

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

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

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

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

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

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

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State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the five most recently completed fiscal years, budgeted and unaudited figures for the 2022-2023 and budgeted figures for the 2023-2024 fiscal year comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2017-2018	$ 51,346,166	$ 32,871,387	64.02%
2018-2019	52,873,003	33,816,917	63.96
2019-2020	53,281,850	34,529,848	64.81
2020-2021	53,742,995	38,557,818	61.86
2021-2022	58,361,288	38,600,226	66.14
2022-2023 (Budgeted)	62,536,609 (1)	43,834,434	70.09
2022-2023 (Unaudited)	62,577,969 (2) (3)	43,312,680 (3)	69.21
2023-2024 (Budgeted)	69,062,732	49,385,557	71.51

(1) Does not include appropriated fund balance of $988,537 or interfund transfers of $300,000.
(2) Does not include appropriated fund balance of $469,790 or interfund transfers of $300,000.
(3) The unaudited figures for the 2022-2023 fiscal year are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

Source: Audited Financial Statements for the 2017-2018 fiscal year through and including the 2021-2022 fiscal year and the adopted budget and unaudited figures for the 2022-2023 fiscal year and budgeted figures for the 2023-2024 fiscal year. This table is not audited.

District Facilities

The District currently operates the following facilities:

Name	Grades	Capacity	Year(s) Built / Reconstruction
Massena High School	9-12	1,900	1958, '72, '81, '92, '99, '07
Massena Junior High School	7-8	800	1917, '28, '81, '92, '99, '07
Jefferson Elementary School	K-6	550	1954, '56, '81, '99, '07
Madison Elementary School	K-6	600	1958, '81, '99, '07
Nightengale Elementary School	K-6	600	1958, '81, '99, '07

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2018-19	2,595	2023-24	2,450
2019-20	2,619	2024-25	2,425
2020-21	2,506	2025-26	2,400
2021-22	2,537	2026-27	2,375
2022-23	2,492	2027-28	2,350

Source: District officials.

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Employees

The District employs a total of 405 full-time and 45 part-time employees. The following table sets forth a breakdown of employee representation by collective bargaining agent and the dates of expiration of the various collective bargaining agreements:

Employees Represented	Union Representation	Expiration Date
275	Massena Federation of Teachers	June 30, 2025
16	Massena Building Administrators' Association	June 30, 2023 [1]
159	Massena Confederated School Employees' Association	June 30, 2024

[1] Currently under negotiation.

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.

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The District is required to contribute at an actuarially determined rate. The actual contributions for the fiscal years 2018-2019 through and including 2022-2023 and proposed budgeted figures for the 2023-2024 fiscal years are as follows:

Fiscal Year	ERS	TRS
2018-2019	$ 652,224	$ 1,543,322
2019-2020	682,588	1,482,090
2020-2021	792,906	1,671,074
2021-2022	817,739	1,864,096
2022-2023	667,861	2,063,740
2023-2024 (Proposed)	779,527	2,099,237

Source: District officials.

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

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District has an EBALR Reserve set aside for the payout of retirement incentives, which helps to reduce payroll costs moving forward.

The School District offered early retirement incentives in the past five years as follows:

Fiscal Year	Staff Participants	Cost
2018-2019	6	$ 44,975
2019-2020	4	59,763
2020-2021	4	52,500
2021-2022	5	61,350
2022-2023	6	N/A

Note: The 2022-2023 fiscal year cost of early retirement incentives are not available as of the date of this Official Statement.

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

A chart of average ERS and TRS rates as a percent of payroll (2019 to 2024) is shown below:

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

*Estimated

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

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

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law on March 31, 2019, will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The School District has established such reserve fund as of June 30, 2019. The total anticipated amount funded as of June 30, 2023 is $1,614,044.

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

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that will require governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

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.

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

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

Balance beginning at:	July 1, 2020	July 1, 2021
	$ 187,208,779	$ 226,592,816
Changes for the year:		
Service cost	5,280,695	8,758,251
Interest on total OPEB liability	6,651,468	5,146,284
Changes in Benefit Terms	(1,717,165)	-
Differences between expected and actual experience	(7,496,895)	-
Changes in Assumptions or other inputs	41,560,953	2,926,100
Benefit payments	(4,895,019)	(4,975,058)
Net Changes	$ 39,384,037	$ 11,855,577
Balance ending at:	June 30, 2021	June 30, 2022
	$ 226,592,816	**$ 238,448,393**

Source: Post-employment benefit plan actuarial valuation reports of the District. The above table is not audited. For additional information regarding the District's OPEB liability, see "APPENDIX - E" attached hereto.

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

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

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.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2022 and may be found attached hereto as "APPENDIX - E" to this Official Statement. Certain financial information of the District can be found attached as appendices to the Official Statement.

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

Beginning with the fiscal year ending June 30, 2003 the District 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 School District is currently in full compliance with GASB Statement No. 34.

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Unaudited Results for Fiscal Year Ending June 30, 2023

The District expects to end the fiscal year ending June 30, 2023 with an **unassigned fund balance** of $8,918,490.

Summary anticipated unaudited information for the General Fund for the period ending June 30, 2023 is as follows:

Revenues:	$	62,577,969
Expenditures:		62,482,164
Excess (Deficit) Revenues Over Expenditures:	$	95,805
Total Fund Balance at June 30, 2022:	$	32,658,840
Total Estimated Fund Balance at June 30, 2023:	$	32,754,646

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

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 most recent State Comptroller audit report of the District dated June 21, 2019 was to determine whether District officials properly disbursed payments for dental benefits, third party administrative fees and utilities for the period July 1, 2017 through October 31, 2018. Key findings and recommendations from the State Comptroller audit are outlined below:

Key Findings:

District officials allowed:

- The third-party administrator (administrator), and three utility vendors, who disbursed $488,545 during the audit period (for dental plan benefits, administrative fees and utilities), direct access to a District bank account to disburse these funds.
- Payment of utilities totaling $60,641 and administrative fees totaling $1,144 without audit and approval by the claims auditor.

Key Recommendations:

- Discontinue allowing the administrator and utility vendors from having direct access to a District bank account and the ability to disburse funds.
- Transfer money to the administrator for the total amount payable in satisfaction of dental claims and initiate and disburse funds for all utility payments.
- Ensure that all claims are adequately supported and audited and approved by the claims auditor when required.

Copies of the complete reports and the District’s responses to the findings and recommendations can be found via the website of the Office of the New York State Comptroller.

There are no other recent State Comptroller’s audits of the District, nor any that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, nor incorporation herein by reference.

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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 2018 through 2022 fiscal years of the District are as follows:

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

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, nor incorporation herein by reference.

Other Information

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

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

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

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

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

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TAX INFORMATION

Taxable Assessed Valuations

Year of District Tax Roll:	2019	2020	2021	2022		2023
Towns of:						
Massena	$ 551,146,357	$ 554,143,639	$ 556,484,836	$ 552,379,981		$ 552,090,350
Louisville	151,181,802	151,156,868	151,779,902	150,919,025		151,035,916
Norfolk	35,480,105	35,834,218	35,865,161	36,073,138		49,284,227
Brasher	13,065,496	13,207,308	13,458,079	17,521,842	(1)	18,599,640
Totals	$ 750,873,760	$ 754,342,033	$ 757,587,978	$ 756,893,986		$ 771,010,133
State Equalization Rate						
Towns of:						
Massena	100.00%	100.00%	100.00%	100.00%		92.00%
Louisville	89.00%	87.00%	81.00%	81.00%		71.00%
Norfolk	82.00%	82.00%	79.00%	79.00%		75.00%
Brasher	85.00%	80.50%	78.00%	100.00%	(1)	95.00%
Taxable Full Valuation	$ 779,653,143	$ 787,994,025	$ 806,520,316	$ 801,883,807		$ 898,115,720

(1) Change from prior year due to Town-wide revaluation.

Source: District officials.

Tax Rate Per $1,000 (Assessed)

Year of District Tax Roll:	2019	2020	2021	2022		2023
Towns of:						
Massena	$ 18.65	$ 18.45	$ 18.39	$ 18.50		$ 18.31
Louisville	20.96	21.21	22.70	22.83		23.72
Norfolk	22.75	22.51	23.28	23.41		22.45
Brasher	21.94	22.93	23.58	18.50	(1)	17.63

(1) Change from prior year due to Town-wide revaluation.

Source: District officials.

Tax Levy and Tax Collection Record

Years Ending June 30:	2019	2020	2021	2022	2023
Tax Levy	$ 14,542,306	$ 14,542,306	$ 14,831,697	$ 14,831,697	$ 14,831,697
Uncollected (1)	1,470,089	1,496,499	2,532,663	1,435,372	1,704,256
% Uncollected	10.1%	10.3%	17.1%	9.7%	11.5%

(1) The School District receives 100% of its tax levy each year. See "Tax Collection Procedure" herein.

Source: District officials.

Tax Collection Procedure

By contractual agreement with the County, the School 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 1% service charge to the School Tax Collector. The second installment is due by October 31 and is paid to the School Tax Collector. 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. The County Treasurer must pay the amount of unpaid taxes to the School Districts within ten days after the return has been filed, thereby assuring 100% tax collection annually.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years, and budgeted and unaudited figures for the 2022-2023 and budgeted figures for the 2023-2024 fiscal year comprised of Real Property Taxes.

Fiscal Year	Total Revenues	Total Real Property Taxes and Tax Items	Percentage of Total Revenues Consisting of Real Property Taxes and Tax Items
2017-2018	$ 51,346,166	$ 14,714,153	28.66%
2018-2019	52,873,003	14,862,283	28.11
2019-2020	53,281,850	14,845,665	27.86
2020-2021	53,742,995	15,176,565	28.24
2021-2022	58,361,288	15,157,068	25.97
2022-2023 (Budgeted)	62,536,609 (1)	15,158,005	24.24
2022-2023 (Unaudited)	62,577,969 (2) (3)	15,158,005 (3)	24.22
2023-2024 (Budgeted)	69,062,732	15,158,005	21.95

(1) Does not include appropriated fund balance of $988,537 or interfund transfers of $300,000.
(2) Does not include appropriated fund balance of $469,790 or interfund transfers of $300,000.
(3) The unaudited figures for the 2022-2023 fiscal year are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

Source: Audited Financial Statements for the 2017-2018 fiscal year through and including the 2021-2022 fiscal year and the adopted budget and preliminary unaudited figures for the 2022-2023 fiscal year and budgeted figures for the 2023-2024 fiscal year. This table is not audited.

Ten Largest Taxpayers – 2022 Assessment Roll for 2022-2023 District Tax Roll

Name	Type	Taxable Full Valuation
Arconic, Inc	Industrial	$ 47,726,744
Reynolds Metals Company	Industrial	24,576,000
Niagara Mohawk Power Corp	Utility	13,292,234
Wal-Mart Real Estate Business	Shopping	10,000,000
St Lawrence Gas Co	Utility	9,055,480
Massena HHSC Inc	Shopping Center	6,744,100
HD Development of Maryland	Shopping	5,400,000
MTSH Realty Massena, NY LLC	Real Estate	4,606,751
Massena Terminal Railroad	Utility	3,585,769
Town of Massena	Utility	3,181,157

Source: District tax rolls.

The ten larger taxpayers listed above have a Taxable Full Valuation of $128,168,235, which represents 16.91% of the Full Value of the District tax base for the 2022-2023 fiscal year.

The District experiences the impact of tax certiorari filings for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings is within acceptable norms and is not anticipated or expected to have a material impact on the District's finances. The District has set aside funds in its tax certiorari reserve to cover known and expected tax liabilities. The amount of the District's tax certiorari reserve as of June 30, 2022 was $1,000,000. The Local Finance Law authorizes borrowing for the payment of tax certiorari settlements if necessary.

Additional Tax Information

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

Veterans' and senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the School District is estimated to be categorized as follows: Residential-50%, Agricultural-20%, Commercial-10% and Industrial-20%.

The estimated total annual property tax bill of a $75,000 market value residential property located in the School District is approximately $1,900 including State, County, Town, School District (minus STAR savings) and Fire District Taxes.

STAR – School Tax Exemption

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

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

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

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

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Massena	$ 74,890	$ 27,600	4/6/2023
Louisville	57,790	21,630	4/6/2023
Norfolk	61,050	22,500	4/6/2023
Brasher	77,740	28,650	4/6/2023

$2,332,222 of the District's $14,831,697 school tax levy for 2022-2023 was exempted by the STAR Program. The District received such exempt taxes from the State in January 2023.

Approximately $2,292,746 of the District's $14,831,697 school tax levy for the 2023-2024 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2024.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

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

Statutory Procedure

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

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

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

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

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

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

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

The District complied with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. See “THE NOTES – Nature of the Obligation” and “TAX INFORMATION - Tax Levy Limitation Law” herein.

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

Debt Outstanding End of Fiscal Year

Fiscal Year Ending:	2018	2019	2020	2021	2022
Bonds	$ 15,155,000	$ 13,015,000	$ 10,835,000	$ 8,615,000	$ 20,170,000
Bond Anticipation Notes	0	0	0	12,000,000	24,800,000
Lease Purchase Obligations (1)	18,918	10,021	0	0	0
Total Debt Outstanding	$ 15,173,918	$ 13,025,021	$ 10,835,000	$ 20,615,000	$ 44,970,000

(1) Does not constitute general obligation debt but do count toward the debt limit.

Note: The bond amounts shown above do not include advance refunded bonds outstanding where applicable.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District evidenced by bonds and notes as of May 24, 2023.

Type of Indebtedness	Maturity	Amount
Bonds	2023-2036	$ 20,170,000
Bond Anticipation Notes	June 29, 2023	24,800,000 (1)
	Total Indebtedness	$ 44,970,000

(1) To be redeemed at maturity, along with $165,000 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 24, 2023:

Full Valuation of Taxable Real Property			$ 898,115,720
Debt Limit 10% thereof			89,811,572
Inclusions:			
Bonds	$ 20,170,000		
Bond Anticipation Notes (1)	24,800,000		
Principal of this Issue	24,635,000		
Total Inclusions		$ 69,605,000	
Exclusions:			
Building Aid (1)	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 69,605,000
Net Debt-Contracting Margin			$ 20,206,572
The percent of debt contracting power exhausted is			77.50%

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2023-2024 Building Aid Ratios, the School District anticipates State Building aid of 97.9% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the Building aid it anticipates, however, no assurance can be given as to when and how much Building aid the School District will receive in relation to its capital project indebtedness. (See also “State Aid” herein).

Bonded Debt Service

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

Capital Project Plans

On December 12, 2019, District voters approved a $49,690,000 capital project to undertake the construction of improvements to and reconstruction of School District buildings and facilities (including athletic field improvements). Initial financing was provided by $6,000,000 of voter approved Capital Reserve. The District anticipates 95.6% of the approved eligible costs, plus "presumed interest," will be covered by State Building Aid, paid over a 15-year amortization period following project completion, which will result in no additional tax impact. The District issued $12,000,000 bond anticipation notes on September 10, 2020 as the first borrowing for the capital project. On August 26, 2021, the District issued $27,000,000 bond anticipation notes which renewed $12,000,000 bond anticipation notes that matured on August 27, 2021 and provided $15,000,000 new monies as the second borrowing for the capital project. $15,000,000 of the $27,000,000 bond anticipation notes maturing on June 30, 2022 were redeemed with proceeds of serial bonds issued through the Dormitory Authority of the State of New York. The remaining balance of $12,000,000 was redeemed with $890,000 available funds of the District and $11,110,000 of bond anticipation notes. $13,690,000 of the bond anticipation notes were issued as new money representing the third borrowing for the capital project. The proceeds of the Notes, along with $165,000 available funds of the District, will redeem and partially renew $24,800,000 bond anticipation notes maturing on June 29, 2023 representing the fourth borrowing for the capital project. The District plans on permanently financing the remaining portion of the project with serial bonds in June 2024.

Other than as stated above, the District has no authorized and unissued indebtedness for capital or other purposes.

Cash Flow Borrowings

The District has not issued tax anticipation notes ("TANs") or revenue anticipation notes ("RANs") in recent years and does not anticipate issuing such, or budget notes or deficiency notes, for the current fiscal year or for the foreseeable future.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
St. Lawrence	12/31/2021	$ 29,495,000	$ -	$ 29,495,000	13.11%	$ 3,866,795
Town of:						
Massena	12/31/2021	-	-	-	99.98%	-
Louisville	12/31/2021	10,268,857	9,321,596	947,261	95.47%	904,350
Norfolk	12/31/2021	5,760,244	5,747,244	13,000	24.96%	3,245
Brasher	12/31/2021	1,311,250	1,181,250	130,000	14.14%	18,382
Village of:						
Massena	5/31/2022	4,812,620	4,324,620	488,000	100.00%	488,000
					Total:	$ 5,280,771

Notes:

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

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

Sources: Most recent available State Comptroller's Special Report or Continuing Disclosure Statement of the municipality.

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Debt Ratios

The following table sets forth certain ratios relating to the District's net indebtedness as of May 24, 2023:

	Amount	Per Capita [(a)]	Percentage of Full Value [(b)]
Net Indebtedness [(c)]	$ 69,605,000	$ 4,172.71	7.75%
Net Indebtedness Plus Net Overlapping Indebtedness [(d)]	74,885,771	4,489.29	8.34

(a) The 2021 estimated population of the District is 16,681. (See "THE SCHOOL DISTRICT – District Population" herein.)
(b) The District's full value of taxable real estate for the 2022-2023 School District tax roll is $898,115,720. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" herein for the calculation of Net Direct Indebtedness.
(d) The District's estimated share of net overlapping indebtedness is $5,280,771. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

Cybersecurity

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individual. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – D”.

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

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

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

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

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

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

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

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

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

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

LEGAL MATTERS

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

LITIGATION

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

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

CONTINUING DISCLOSURE

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 a Continuing Disclosure Undertaking, a description of which is attached hereto as "APPENDIX – C, MATERIAL EVENT NOTICES".

Historical Continuing Disclosure Compliance

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

MUNICIPAL ADVISOR

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

RATINGS

The Notes are <u>NOT</u> rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's continuing disclosure undertakings and the Final Official Statement supplemented. (See "APPENDIX – C, MATERIAL EVENT NOTICES" herein.)

S&P Global Ratings has assigned their underlying rating of "A+/Stable" to the District's outstanding general obligation serial bonds of the District. Such ratings reflect only the view of such rating agency, and any desired explanation of the significance of such ratings should be obtained from Standard & Poor's Credit Market Services, 55 Water Street – 38th Floor, New York, New York 10041, (212) 438-7983.

Generally, rating agencies base its 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 and the Notes.

CUSIP IDENTIFICATION NUMBERS

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

MISCELLANEOUS

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

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

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

Orrick, Herrington & Sutcliffe LLP, New York, New York Bond Counsel to the District, does not express an opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

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

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

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

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

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

The District's Bond Counsel contact information is as follows: Douglas E. Goodfriend, Esq., Orrick, Herrington, & Sutcliffe LLP, 51 West 52nd Street, 15th Floor, New York, New York 10019, Phone: (212) 506-5211, Fax: (212) 506-5151, Email: dgoodfriend@orrick.com.

The District's contact information is as follows: Nickolas Brouillette, School Business Manager, 84 Nightengale Ave., Massena, New York 13662, Phone: (315) 764-3700, Fax: (315) 764-3701, Email: nbrouillette@mcs.k12.ny.us

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.

MASSENA CENTRAL SCHOOL DISTRICT

Dated: May 24, 2023

PAUL HAGGETT
PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2018	2019	2020	2021	2022
ASSETS					
Unrestricted Cash	$ 3,626,305	$ 3,216,186	$ 5,618,856	$ 5,868,235	$ 11,403,086
Restricted Cash	19,084,498	21,343,547	15,623,836	16,831,284	17,593,632
Accounts Receivable	29,774	149,370	100,372	319,174	892,539
Due from Other Funds	968,687	711,799	1,928,431	1,457,521	1,421,758
Due from Other Governments	-	-	-	-	-
State and Federal Aid Receivable	3,434,467	4,344,956	3,046,480	3,405,109	3,871,130
Inventories	-	-	-	-	-
Prepaid Expenditures	-	30,754	-	-	-
TOTAL ASSETS	$ 27,143,731	$ 29,796,612	$ 26,317,975	$ 27,881,323	$ 35,182,145
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 228,585	$ 178,733	$ 300,562	$ 388,009	$ 316,283
Accrued Liabilities	30,420	54,040	73,080	120,721	101,065
Accrued Interest Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Teachers' Retirement System	1,595,934	1,732,626	1,477,391	1,633,088	1,872,721
Due to Employees' Retirement System	229,806	230,362	239,583	302,374	233,236
Compensated Absences	-	-	-	-	-
Unearned Revenues	1,063	-	-	-	-
TOTAL LIABILITIES	$ 2,085,808	$ 2,195,761	$ 2,090,616	$ 2,444,192	$ 2,523,305
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	19,084,498	21,343,547	15,623,836	16,831,284	17,593,632
Assigned	2,286,677	1,567,343	2,258,881	2,007,634	998,537
Unassigned	3,686,748	4,689,961	6,344,642	6,598,213	14,066,671
TOTAL FUND EQUITY	$ 25,057,923	$ 27,600,851	$ 24,227,359	$ 25,437,131	$ 32,658,840
TOTAL LIABILITIES and FUND EQUITY	$ 27,143,731	$ 29,796,612	$ 26,317,975	$ 27,881,323	$ 35,182,145

Note: The General Fund Balance decreased in fiscal year end June 30, 2020 due to a planned reduction of $6 million to the Capital Reserve Fund.

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2018	2019	2020	2021	2022
REVENUES					
Real Property Taxes	$ 11,452,755	$ 11,654,541	$ 11,824,390	$ 12,242,210	$ 12,357,716
Other Tax Items	3,261,398	3,207,742	3,021,275	2,934,355	2,799,352
Charges for Services	1,442,591	1,695,599	1,618,401	2,001,166	2,723,097
Use of Money & Property	329,416	570,781	406,821	30,414	84,026
Sale of Property and Compensation for Loss	23,181	66,278	27,578	13,376	57,745
Miscellaneous	1,853,914	1,712,917	1,798,657	1,945,207	1,660,420
Sales - school lunch and store	2,521	6,995	-	-	-
Interfund Revenues	2,384	-	-	-	-
Revenues from State Sources	32,871,387	33,816,917	34,529,848	33,245,208	38,600,226
Revenues from Federal Sources	106,619	141,233	54,880	1,331,059	78,706
Total Revenues	$ 51,346,166	$ 52,873,003	$ 53,281,850	$ 53,742,995	$ 58,361,288
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 51,346,166	$ 52,873,003	$ 53,281,850	$ 53,742,995	$ 58,361,288
EXPENDITURES					
General Support	$ 5,142,738	$ 5,178,105	$ 5,363,348	$ 5,475,113	$ 6,199,196
Instruction	24,929,069	25,209,350	25,237,344	25,794,148	23,706,886
Pupil Transportation	2,234,167	2,292,306	2,161,795	2,107,295	2,431,278
Employee Benefits	14,411,781	14,954,575	15,091,256	15,564,294	14,761,481
Cost of Sales	18,064	844	-	-	-
Debt Service	2,479,623	2,483,948	2,483,348	2,469,725	2,919,515
Total Expenditures	$ 49,215,442	$ 50,119,128	$ 50,337,091	$ 51,410,575	$ 50,018,356
Other Uses:					
Interfund Transfers	149,342	210,947	6,318,251	1,122,648	1,121,223
Total Expenditures and Other Uses	$ 49,364,784	$ 50,330,075	$ 56,655,342	$ 52,533,223	$ 51,139,579
Excess (Deficit) Revenues Over Expenditures	1,981,382	2,542,928	(3,373,492)	1,209,772	7,221,709
FUND BALANCE					
Fund Balance - Beginning of Year	23,076,541	25,057,923	27,600,851	24,227,359	25,437,131
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 25,057,923	$ 27,600,851	$ 24,227,359	$ 25,437,131	$ 32,658,840

Note: The General Fund Balance decreased in fiscal year end June 30, 2020 due to a planned reduction of $6 million to the Capital Reserve Fund.

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2022 Original Budget	2022 Revised Budget	2022 Actual	2023 Adopted Budget	2024 Adopted Budget
REVENUES					
Real Property Taxes	$ 12,331,904	$ 12,331,904	$ 12,357,716	$ 15,158,005	$ 15,158,005
Other Tax Items	2,826,101	2,826,101	2,799,352	-	-
Charges for Services	1,735,000	1,735,000	2,723,097	1,737,000	1,907,000
Use of Money & Property	85,000	85,000	84,026	60,000	1,035,000
Sale of Property and Compensation for Loss	15,110	15,110	57,745		
Miscellaneous	1,638,500	1,638,500	1,660,420	1,672,170	1,502,170
Sales - school store	-	-	-	-	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	38,557,818	38,557,818	38,600,226	43,834,434	49,385,557
Revenues from Federal Sources	125,000	125,000	78,706	75,000	75,000
Total Revenues	$ 57,314,433	$ 57,314,433	$ 58,361,288	$ 62,536,609	$ 69,062,732
Other Sources:					
Interfund Transfers	400,000	400,000	-	300,000	300,000
Appropriated Fund Balance	-	-	-	988,537	469,790
Total Revenues and Other Sources	$ 57,714,433	$ 57,714,433	$ 58,361,288	$ 63,825,146	$ 69,832,522
EXPENDITURES					
General Support	$ 6,299,123	$ 6,595,090	$ 6,199,196	$ 6,662,940	$ 4,184,253
Instruction	29,302,809	29,020,898	23,706,886	29,955,484	27,415,095
Pupil Transportation	2,437,355	2,574,055	2,431,278	2,675,703	11,641,025
Employee Benefits	17,265,031	17,123,716	14,761,481	18,088,606	19,510,724
Cost of Sales	-	-	-	-	-
Debt Service	3,213,308	3,213,308	2,919,515	5,247,413	5,736,425
Total Expenditures	$ 58,517,626	$ 58,527,067	$ 50,018,356	$ 62,630,146	$ 68,487,522
Other Uses:					
Interfund Transfers	1,195,000	1,195,000	1,121,223	1,195,000	1,345,000
Total Expenditures and Other Uses	$ 59,712,626	$ 59,722,067	$ 51,139,579	$ 63,825,146	$ 69,832,522
Net Change in Fund Balance	(1,998,193)	(2,007,634)	7,221,709	-	-
FUND BALANCE					
Fund Balance - Beginning of Year			25,437,131		
Prior Period Adjustments (net)			-		
Fund Balance - End of Year			$ 32,658,840		

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2023	$ 2,840,000	$ 1,053,376	$ 3,893,376
2024	2,615,000	764,025	3,379,025
2025	1,560,000	686,600	2,246,600
2026	995,000	631,400	1,626,400
2027	1,045,000	584,850	1,629,850
2028	1,095,000	534,250	1,629,250
2029	1,145,000	481,200	1,626,200
2030	1,200,000	429,200	1,629,200
2031	1,250,000	374,600	1,624,600
2032	1,305,000	317,500	1,622,500
2033	1,370,000	257,800	1,627,800
2034	1,235,000	195,000	1,430,000
2035	1,300,000	133,250	1,433,250
2036	1,365,000	68,250	1,433,250
TOTALS	$ 20,320,000	$ 6,511,301	$ 26,831,301

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	$13,990,000 2022A DASNY Principal	Interest	Total	$1,870,000 2021 Refunding of 2012 Serial Bonds Principal	Interest	Total
2023	$ 530,000	$ 905,464	$ 1,435,464	$ 150,000	$ 45,500	$ 195,500
2024	760,000	673,000	1,433,000	150,000	42,500	192,500
2025	800,000	635,000	1,435,000	155,000	39,500	194,500
2026	835,000	595,000	1,430,000	160,000	36,400	196,400
2027	880,000	553,250	1,433,250	165,000	31,600	196,600
2028	925,000	509,250	1,434,250	170,000	25,000	195,000
2029	970,000	463,000	1,433,000	175,000	18,200	193,200
2030	1,020,000	414,500	1,434,500	180,000	14,700	194,700
2031	1,070,000	363,500	1,433,500	180,000	11,100	191,100
2032	1,120,000	310,000	1,430,000	185,000	7,500	192,500
2033	1,180,000	254,000	1,434,000	190,000	3,800	193,800
2034	1,235,000	195,000	1,430,000			
2035	1,300,000	133,250	1,433,250			
2036	1,365,000	68,250	1,433,250			
TOTALS	$ 13,990,000	$ 6,072,464	$ 20,062,464	$ 1,860,000	$ 275,800	$ 2,135,800

Fiscal Year Ending June 30th	$7,915,000 2016 Refunding of 2009 Serial Bonds Principal	Interest	Total	$6,065,000 2015 Refunding of 2008 Serial Bonds Principal	Interest	Total
2023	$ 1,210,000	$ 61,100	$ 1,271,100	$ 950,000	$ 41,313	$ 991,313
2024	1,240,000	36,900	1,276,900	465,000	11,625	476,625
2025	605,000	12,100	617,100			
TOTALS	$ 3,055,000	$ 110,100	$ 3,165,100	$ 1,415,000	$ 52,938	$ 1,467,938

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

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

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

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

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

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Notes

(k) rating changes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FORM OF BOND COUNSEL'S OPINION

June 28, 2023

Massena Central School District
County of St. Lawrence
State of New York

Re: Massena Central School District, St. Lawrence County, New York
$24,635,000 Bond Anticipation Notes, 2023 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a $24,635,000 Bond Anticipation Notes, 2023 (Renewals) (the "Obligation"), of the Massena Central School District, St. Lawrence County, New York (the "Obligor"), dated June 28, 2023, numbered 1, of the denomination of $24,635,000, bearing interest at the rate of ___% per annum, payable at maturity, and maturing June 28, 2024.

We have examined:

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

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

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

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

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

In our opinion:

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

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

(c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax on individual. For tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

MASSENA CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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.

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

MASSENA CENTRAL SCHOOL DISTRICT

Financial Statements and Supplementary Information

June 30, 2022

MASSENA CENTRAL SCHOOL DISTRICT

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MASSENA CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Massena Central School District:

Opinions

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

In our opinion, the 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 District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matters

As discussed in note 1 to the financial statements, during the year ended June 30, 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

As described in note 2 to the financial statements, a certain error in accounting was identified impacting previously reported balances. Accordingly, adjustments were made to opening balances as of June 30, 2021 to correct the error. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5 - 20), Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund (page 63), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 64), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 65), and Schedule of District's Contributions - NYSLRS Pension Plan (page 66) 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 GAAS, 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 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, Combining Balance Sheet - Non-Major Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 67 - 71) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (page 76) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

(Continued)

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Supplementary Information, Continued

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, Combining Balance Sheet - Non-Major Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 67 - 71), and the Schedule of Expenditures of Federal Awards (page 76) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combining Balance Sheet - Non-Major Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 67 - 71), and the Schedule of Expenditures of Federal Awards (page 76) 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 26, 2022 on our consideration of the 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 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 the District's internal control over financial reporting and compliance.

Fust Charles Chambers LLP

Syracuse, New York
October 26, 2022

Fust Charles Chambers LLP

MASSENA CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2022

The following is a discussion and analysis of Massena Central School District's financial performance for the fiscal year ended June 30, 2022. 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. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section. Responsibility for completeness and fairness of the information contained rests with the School District.

OVERVIEW

The School District is governed by a nine-member Board of Education with each member elected to a five-year term.

The School District employs approximately 450 full and part time professional and support staff. The staff is made up of 16 administrators, 275 members of the Teachers' contract, and 159 Support staff positions. These employees are primarily organized into three collective bargaining units (teacher, support staff and administration). The Teachers' contract expired on June 30, 2022, the Support staff contract expires on June 30, 2024, and the Administrators' contract expires on June 30, 2023.

Massena Central School District is located in northern New York State on the Canadian border. The School District also borders the St. Regis Mohawk Territory; approximately 5.0% of our students reside on the Territory. The District saw a slight decrease of enrollment in 2021-22 from 128 students to 126, which is a decrease of 1.6%. Native Americans have a choice of school districts when the Territory borders more than one district. New York State pays tuition, under an approved formula, for these students to attend Massena Central Schools although they are not residents of the School District. New York State also pays 100% of the transportation costs for these students. The tuition and transportation fees paid to the District are approximately $1.6 million; these dollars represent the local taxpayer share of educating these students.

The School District has seven buildings. These buildings include:

- High School which houses grades 9 through 12, approximately 830 students;
- Leary Junior High School which houses grades 7 and 8, approximately 400 students;
- Jefferson, Madison and Nightengale Elementary Schools for grades Pre-K through 6 have approximately 415 students each;
- The District also provides an out of district education to 28 students with disabilities;
- The Central Administration and Maintenance Facility located at the High School complex;
- The Shared Fuel Facility houses the Transportation Department that includes a vehicle maintenance garage and is shared with the Village of Massena (This facility has a shared fueling station that is also being used by other Village Departments such as the police, highway and hospital);

(Continued)

OVERVIEW, Continued

District enrollment was up 0.1% this year. The average enrollment for 2021-22 was 2,508, compared to 2,505 in the prior year. We project the enrollment to decrease slightly in 2022-23.

FINANCIAL HIGHLIGHTS

Total net position at June 30, 2022 was ($132,277,338). This was a decrease of 1.6% over the prior year of ($133,067,452). The major deficit is due to the GAAS reporting, and changes to it, which are related to the cost of our retirees' health insurance and pension reporting requirements.

Overall revenues of $69,988,187 were greater than expenses of $69,198,073 by $790,114. The excess was mainly caused by a significant increase in Foundation aid and the influx of monies from CRRSA and ARP. The budgetary variances will be further explained starting on page 13.

At year-end, the fund balance in the General Fund increased from $25,437,131 in 2020-21 to $32,658,840 in 2021-22.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the 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 District had three nonmajor funds at June 30, 2022.
- 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 data that are more detailed. 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.

OVERVIEW OF FINANCIAL STATEMENTS, Continued

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.

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

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 assets 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.

OVERVIEW OF FINANCIAL STATEMENTS, Continued

District-Wide Statements, Continued

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

- Over time, increases or decreases in the School District's net assets 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 non-financial 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 to be established 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).

The District has two kinds of funds:

1) 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.

(Continued)

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Fund Financial Statements, Continued

2) Fiduciary Funds: The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities at the close of the most recent fiscal year. The net assets reflect mainly reserved and unreserved fund balance. The School District's net assets also reflect its investment in capital assets less any related debt used to acquire those assets that is still outstanding. 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. The debt is paid through a combination of state building aid and local property taxes. The remaining balance of unrestricted net assets may be used to meet the School District's ongoing activities. Currently, the District has recorded $7.60 million in its net assets, which represent the NYPA 50 year payment in current dollars. There are 32 years left for the $433,000 annual payment. The current assets are shifting from cash to capital assets. This also reflects the payments made for the capital projects in progress.

The District implemented GASB Statement #45 in the school year ended June 30, 2009. This required the District to record other post-employment benefits obligations at year-end. This postemployment benefit obligation is made up of Health insurance coverage offered to retired employees. This obligation increased from $226,592,816 in 2020 - 21 to $238,448,393 in 2021-22, mainly due to the rising cost of health insurance.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

The following schedule summarizes the School District's net assets. The complete Statement of Net position can be found in the School District's basic financial statements on page 21.

Condensed Statement of Net Position

	June 30, 2021	June 30, 2022	Change
Assets:			
Current and other assets	$ 47,702,015	63,972,971	16,270,956
Capital assets, net	42,016,539	58,521,456	16,504,917
Net pension asset	-	18,011,871	18,011,871
Total assets	$ 89,718,554 *	140,506,298	50,787,744
Deferred outflows of resources	56,291,373	50,063,908	(6,227,465)
Liabilities:			
Current liabilities	18,223,540	32,247,387	14,023,847
Long-term liabilities	236,651,785	258,505,114	21,853,329
Net pension liability	2,588,708	-	(2,588,708)
Total liabilities	$ 257,464,033	290,752,501	33,288,468
Deferred inflows of resources	21,613,746	32,095,043	10,481,297
Net assets:			
Invested in capital assets, net of debt	21,624,944	13,210,140	(8,414,804)
Restricted	19,276,334	20,284,588	1,008,254
Unrestricted	(173,968,730)	(165,772,066)	8,196,664
Total net assets	$ (133,067,452)*	(132,277,338)	790,114

*, as restated

In total, net assets increased $790,114, which is detailed on page 21 of the Basic Financial Statements.

In general, current assets are those assets that are available to satisfy current obligations and current liabilities are those liabilities that will be paid within one year. Current assets consist primarily of cash and cash equivalents of $50,394,943 and state and federal aid receivable of $5,036,911.

Current liabilities consist primarily of a Bond Anticipation note payable of $23,910,000, accounts payable and accrued expenses of $3,243,129, bonds payable of $2,923,341 and due to retirement systems of $2,105,957.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued

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. Note: Instructional Expense line going down by $1,363,075 is caused by the GASB reporting changes referenced on page 10. The complete Statement of Activities can be found in the School District's basic financial statements on page 22.

Condensed Statement of Activities

	June 30,		
	2021	2022	Change
Revenues:			
Property and other tax items	$ 15,176,565	15,157,068	(19,497)
Use of money and property	25,310	84,026	58,716
Sale of property and comp for loss	-	-	-
Miscellaneous	2,057,306	3,306,293	1,248,987
Income from joint venture	1,529,553	-	(1,529,553)
State sources	33,768,670	39,872,530	6,103,860
Federal sources	4,849,219	8,650,135	3,800,916
Other	-	-	-
Total revenues	57,406,623	67,070,052	9,663,429
Expenses:			
General support	8,499,068	12,230,236	3,731,168
Instruction	50,670,894	49,307,819	(1,363,075)
Pupil transportation	3,899,956	3,630,915	(269,041)
Debt service - interest	447,393	557,340	109,947
Other expenses	-	-	-
School lunch/school store	319,251	553,628	234,377
Total expenses	63,836,562	66,279,938	2,443,376
Change in net position	(6,429,939)	790,114	7,220,053
Total net position, beginning of year	(123,783,270)	(130,213,209)	(6,429,939)
Prior period adjustment	-	(2,854,243)	(2,854,243)
Total net position, end of year	$ (130,213,209)	(132,277,338)	(2,064,129)

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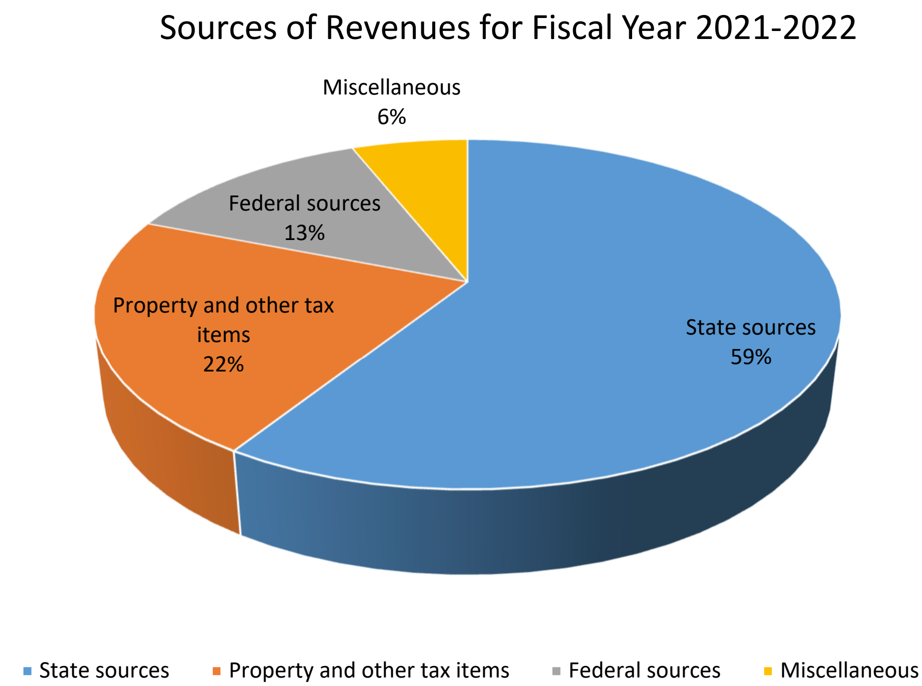
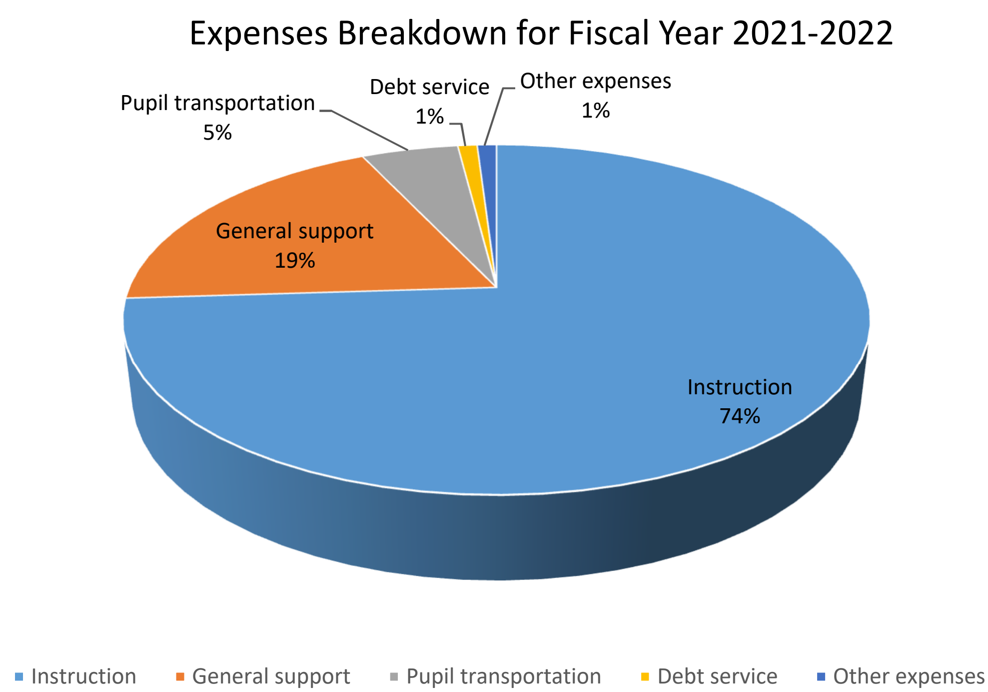
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE, Continued





GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund revenues were budgeted at $57,714,433 and actual revenues totalled $58,361,288, which was $646,855 above budget. Revenues were up $4,618,293 vs. the prior year.

The largest source of revenue was State Aid, which represents $38,600,226 or 66.1% of the total revenues. The second leading revenue property taxes, which represent $15,157,068 or 26.0% of the total revenue earned.

The largest positive variance was Day School Tuition being $572,351 over budget, caused by the rates for the new Pre-School Special Education program being set a year after the program started. The next largest positive variance was the Native American Tuition, which came in $299,382 over budget, due to favorable rate adjustments.

The largest negative variance was Transfer from other funds. Since the District revenues exceeded the expenses we did not need to transfer the $400,000 that was budgeted to come from the Debt Service Fund. The second largest negative variance was Federal sources, which came in $46,294 under budget. This is caused by the reduced Medicaid billing.

During this fiscal year, the District received its seventeenth payment from the New York State Power Authority of $433,000. These monies are earmarked for tax relief, maintenance, capital equipment, and the local share of capital project(s). These funds are budgeted in their entirety and have become part of the long-range plan.

The table below compares the final budgeted revenues with actual revenues in eight general categories.

	Final budget	Actual	Difference
State sources	$ 38,557,818	38,600,226	42,408
Federal sources	125,000	78,706	(46,294)
Real property and other tax items	15,158,005	15,157,068	(937)
Miscellaneous	1,638,500	1,660,420	21,920
Use of money and property	85,000	84,026	(974)
Charges for services	1,735,000	2,723,097	988,097
Other	15,110	57,745	42,635
Transfer from other funds	400,000	-	(400,000)
	$ 57,714,433	58,361,288	646,855

(Continued)

GENERAL FUND BUDGETARY HIGHLIGHTS, Continued

The School District's adjusted appropriation budget for the 2021-22 school year was $59,722,067.

Actual expenditures totalled $51,139,579 and no encumbrances were carried forward into the 2022-23 year. This resulted in a positive amount of $8,582,488 under budget.

There were budget variances in several categories in 2021-22. The School District received nearly $13M in one-time federal funding. Therefore, the District has to conservatively budget for some federal salaries in the general budget and their corresponding employee benefits for when the short-term funding runs out. Total employee benefits in the general fund budget came in $2,362,235 under budget, mostly due to significant benefit allocations to the Federal fund based on all of the new CRRSA and ARPA monies that the District received.

The other major savings in the General Fund was in employee salaries, which came in $2,570,598 under budget. This is due to the significant shift of staff to the Federal fund based on the new CRRSA and ARPA monies that the District received.

Other areas of savings in the budget were through a drop in BOCES Special Education costs and fuel coming in under budget.

The table below summarizes in six general categories how the actual expenditures compare to budget amounts.

		Adopted budget	Actual plus encumbrances	Difference
General support	$	6,595,090	6,199,196	395,894
Instruction		29,020,898	23,706,886	5,314,012
Pupil transportation		2,574,055	2,431,278	142,777
Employee benefits		17,123,716	14,761,481	2,362,235
Debt service		3,213,308	2,919,515	293,793
Interfund transfers		1,195,000	1,121,223	73,777
	$	59,722,067	51,139,579	8,582,488

(Continued)

ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

General Fund

The School District's General Fund had total expenditures (including transfers) of $51,139,579 and total revenues of $58,361,288, which resulted in an increase of $7,221,709 in the fund balance.

The major portion of the General Fund expenditures goes directly to the instructional program $23,706,886 (46.4%). Other major categories in the General Fund are General Support - $6,199,196 (12.1%), Employee Benefits - $14,761,481 (28.9%), Pupil transportation - $2,431,278 (4.8%), Debt Service Principal and Interest payments - $2,919,515 (5.7%), and Interfund Transfers - $1,121,223 (2.1%).

Debt service payments consisted of:

	Principal	Interest	Total
Bonds (buildings projects)	$ 2,280,000	639,515	2,919,515
RAN	-	-	-
	$ 2,280,000	639,515	2,919,515

Special Aid Fund

The District receives State and Federal grants that 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, funds will be carried forward into the District's next fiscal year to be spent over the summer.

(Continued)

ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS, Continued

Special Aid Fund, Continued

The allocations for federal and state grants have increased. The chart below shows the original award allocations for each grant. The total increase is $13,677,741, primarily due to an increase in CRRSA and ARP funds totaling $13,472,831. CRRSA funds can be used through fiscal year 2022-23 and ARP funds can be used through 2023-24. Carryover funds are not included.

	2021	2022	Change
Title I	$ 1,185,335	1,302,215	116,880
Title I School Improvement	55,105	50,000	(5,105)
Title IIA	122,680	151,703	29,023
Title IV	91,979	87,512	(4,467)
Title VB	48,381	58,076	9,695
Title VI	119,227	120,002	775
Pre-K	207,006	207,006	-
Section 611	732,323	739,324	7,001
Section 619	20,171	20,359	188
Summer Handicapped (4408)	114,271	117,691	3,420
My Brother's Keeper	63,608	63,608	-
CRRSA – ESSER 2	-	3,891,129	3,891,129
ARP – Full Day UPK	-	674,880	674,880
ARP – IDEA 611	-	145,388	145,388
ARP – IDEA 619	-	16,189	16,189
ARP – ESSER 3	-	8,745,245	8,745,245
Bilingual Education	-	47,500	47,500
	$ 2,760,086	16,437,827	13,677,741

The table below shows the actual revenues and expenditures recorded in the Special Aid Fund.

	2022
Revenues:	
State sources	$ 1,237,807
Federal sources	6,868,029
Interfund Transfer In	23,932
Total revenues	$ 8,129,768
Expenses:	
Instruction	8,114,206
Pupil transportation	15,562
Total expenses	$ 8,129,768

GENERAL FUND BUDGETARY HIGHLIGHTS, Continued

School Lunch Fund

The School Food Service Department had an operating profit in the 2021-22 school year. Overall, revenues (including transfers) of $1,858,191 exceeded expenditures of $1,509,147. This resulted in a surplus of $349,044 for the year. This is a $273,302 increase in the surplus from last year, mainly due to being able to serve all students for free. The fund equity of this department as of June 30, 2022 was $497,925, which is made up of food and supplies inventory and Fund Balance.

The District has typically lost money in the School Lunch fund due to healthy meals initiatives and fewer reimbursable meals sold, but in 2021-22 the District was able to provide all kids with free breakfast and lunch due to new regulations for COVID-19. This increased our participation and were able to collect the standard Federal reimbursement rates which allowed the District to make a profit for the second year in a row.

Capital Projects Fund

A total of $19,873,179 was expended for all capital projects during the 2021-22 year. These costs are associated with the commencement of the $49.69M Capital Improvement project approved on December 12th, 2019, two Smart Schools Bond Act projects, and a Capital Outlay Project.

The $49.69M Capital Improvement Project includes significant infrastructure upgrades including roofs and heating system upgrades in nearly all buildings, auditorium upgrades, traffic flow redesigns, security enhancements, and playgrounds at the elementary schools. In 2021-22 $19,775,605 was spend on this project.

The Smart Schools Bond Act projects were both for instructional classroom technology such as Chromebooks and peripheral devices. In 2021-22 $534 was spent on these projects. The Capital Outlay project involved replacing some of the phone systems for the entire District. The project totalled $97,040.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The statement below shows the Net Capital Assets of the School District as of June 30, 2022 of $58,521,456, a change of $17,312,126 year-over-year.

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Land	$ 64,795	-	-	64,795
Construction-in-process	12,492,322	19,872,645	(97,039)	32,267,928
Buildings	73,909,024	-	97,039	74,006,063
Furniture and equipment	6,611,734	1,082,509	(452,769)	7,241,474
Less accumulated depreciation	(51,868,545)	(3,638,165)	447,906	(55,058,804)
	$ 41,209,330	17,316,989	(4,863)	58,521,456

Long-Term Debt

At year-end, the District had $22,980,062 in long-term debt, consisting of general obligation bonds, installment purchase debt and compensated absences, as shown below. The balance in Serial Bonds represents four total borrowings: $3.1 million shared fuel facility project in 2003 that was refunded in 2012, two borrowings for the $29 million project which were refunded in 2015 and 2016 respectively, and a $14 million borrowing for Phase I of the $49.69 million project.

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Serial Bonds	$ 8,615,000	25,394,996	12,439,875	21,570,121
Compensated absences	1,443,969	-	34,028	1,409,941
	$ 10,058,969	25,394,996	12,473,903	22,980,062

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

Increases on health insurance premiums will continue to rise. The District is a member of a health care consortium with other school districts. The consortium is growing its fund balance to comply with mandates and smooth increases in future years. The premium increase for 2022-23 is expected to be around 2.96%. Health insurance accounts for 20.5% of the general budget. To help stabilize future premium increases, the consortium has signed a contract at the beginning of 2019-20 to have the claims managed by Excellus Blue Cross Blue Shield going forward. Further, the plan signed a contract with Pro-act for a Medicare Employer Group Waiver Plan that will save the plan 3.7% annually on Medicare eligible retirees' prescriptions starting in January of 2023.

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- Due to the regulations and funding surrounding the education of special education students there is uncertainty in special education costs each year. Students tend to move in and out of the district throughout the year and the state does not fully reimburse costs incurred for educating these students. There has also been a significant rise in the District's special education classification rate over the past ten years. In 2011-12 the classification rate was 10.8% of student population and in 2020-21 it was 16.2%. This increase in special education students creates a need for greater funding and is complicated by the current teacher shortage in that specialty area.
- The School District is anticipating that it will receive more assessment challenges on commercial properties. Although the District has $1.0 million in a Tax Certiorari Reserve, it is unknown what impact future assessment challenges will have on the budget.
- The School District is limited on the money that it can raise through taxes due to the Tax Levy cap that was made permanent in the 2019 Legislative session. The Consumer Price Index is limited to a 2% increase in the formula which could lessen the District's ability to raise new revenue vs rising costs.
- The School District has ample reserves to navigate into the future. We were able to realign and diversify our Reserves to withstand future fiscal challenges.

FACTORS BEARING ON THE DISTRICT'S FUTURE, Continued

- The implementation of the Next Generation Learning Standards and Annual Professional Performance Reviews will continue to consume significant time and resources. The purchasing of textbooks and materials, provision of professional development, and redirection of administrative time are a few areas which face particular impact.
- The District is currently working on Phase 1, 2, & 3 of the \$49.69M Capital Improvement Project that was approved on December 12th, 2019. The District moved Capital Reserve fund in the amount of \$6.0 million to aid in financing this project and off-set any local tax increase.
- The District's student enrollment is gradually declining, and at the same time our students living in poverty, as defined by eligibility for free and reduced meals, has risen from 52% in 2011-12 to 62% in 2020-21. Such trends could result in less available revenue for the District while increasing the need for additional services for students living in poverty.
- The introduction of federal stimulus funding from the CRRSA Act and ARP Act have provided strong financial support to the District through September, 2023. It will be important to allocate these funds judiciously as recurring costs will need to be budgeted after the federal monies have been utilized.
- The NYS State legislature approved fully fund the Foundation Aid formula over a three-year period (fiscal year 2021-22, 2022-23 & 2023-24), the Massena Central School District should significantly benefit as it is currently underfunded by the lack of state adherence to the formula. In 2020-21 the District was underfunded by \$8.6M according to data from the NYS Council of School Superintendents.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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 business manager at the following address: Massena Central School District, 84 Nightengale Avenue, Massena, NY 13662.

MASSENA CENTRAL SCHOOL DISTRICT

Statement of Net Position - Governmental Activities

June 30, 2022

Assets		
Cash:		
Unrestricted	$	29,724,302
Restricted		20,670,641
Receivables:		
Accounts receivable		892,625
State and federal aid		5,036,911
Other - NYPA		7,597,155
Inventories		51,337
Capital assets, net		58,521,456
Net pension asset - proportionate share		18,011,871
Total assets	$	140,506,298
Deferred Outflows of Resources		
Deferred gain on advance refunding of debt		381,762
Pensions		12,414,375
Other post employment benefits		37,267,771
Total deferred outflows of resources	$	50,063,908
Liabilities		
Payables:		
Accounts payable		3,131,423
Accrued liabilities		111,706
Bond anticipation notes payable		23,910,000
Due to other governments		1,721
Accrued interest on bonds payable		51,612
Due to Teachers' Retirement System		1,872,721
Due to Employees' Retirement System		233,236
Overpayments and collections in advance		11,627
Long-term labilities:		
Due and payable within one year:		
Bonds payable, net of unamortized premium		2,923,341
Due and payable after one year:		
Bonds payable, net of unamortized premium		18,646,780
Compensated absences payable		1,409,941
Other postemployment benefits payable		238,448,393
Total liabilities	$	290,752,501
Deferred Inflows of Resources		
Deferred premiums on debt issuance	$	212,957
Pensions		23,592,416
Other postemployment benefits		8,289,670
Total deferred inflows of resources	$	32,095,043
Net Position		
Net investment in capital assets, net of related debt		13,210,140
Restricted		20,284,588
Unrestricted (deficit)		(165,772,066)
Total net position	$	(132,277,338)

See accompanying notes to the financial statements.

MASSENA CENTRAL SCHOOL DISTRICT

Statement of Activities and Changes in Net Position - Governmental Activities

For the year ended June 30, 2022

	Expenses	Program Revenues: Charges for services	Program Revenues: Operating grants	Net (expense) revenue and change in net position
Functions/programs:				
General support	$ 12,247,773	17,537	-	(12,230,236)
Instruction	51,510,236	2,202,417	-	(49,307,819)
Pupil transportation	4,209,340	578,425	-	(3,630,915)
Debt service - interest	557,340	-	-	(557,340)
School food service program	673,384	62,402	57,354	(553,628)
Total functions and programs	$ 69,198,073	2,860,781	57,354	(66,279,938)
General revenues:				
Real property taxes				12,357,716
Other tax items				2,799,352
Use of money and property				84,026
Sale of property and compensation for loss				-
State sources				39,872,530
Federal sources				8,650,135
Miscellaneous				3,306,293
Total general revenues				67,070,052
Change in net position				790,114
Net position, beginning of year, as previously reported				(130,213,209)
Prior period adjustment (note 2)				(2,854,243)
Net position, beginning of year, as restated				(133,067,452)
Net position, end of year				$ (132,277,338)

See accompanying notes to the financial statements.

MASSENA CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2022

	Major governmental funds							Total	
Assets	General	Capital Project HS1	Capital Project JH1	Capital Project JF1	Capital Project NG2	Capital Project MD2	Capital Project JF2	Total non-major governmental funds	Total governmental funds
Cash:									
Unrestricted	$ 11,403,086	7,089,087	2,658,710	1,860,021	698,961	399,385	54,814	5,560,238	29,724,302
Restricted	17,593,632	-	-	-	-	-	-	3,077,009	20,670,641
Receivables:									
Accounts receivable	892,539	-	-	-	-	-	-	86	892,625
State and federal aid	3,871,130	-	-	-	-	-	-	1,165,781	5,036,911
Due from other funds	1,421,758	-	-	-	-	-	-	369,040	1,790,798
Inventories	-	-	-	-	-	-	-	51,337	51,337
Total assets	$ 35,182,145	7,089,087	2,658,710	1,860,021	698,961	399,385	54,814	10,223,491	58,166,614
Liabilities									
Payables:									
Accounts payable	316,283	91,417	114,180	73,695	877,021	605,580	159,214	894,033	3,131,423
Accrued liabilities	101,065	-	-	-	-	-	-	10,641	111,706
Bond anticipation notes payable	-	2,105,651	3,068,067	2,188,590	2,805,706	3,239,071	3,191,218	7,311,697	23,910,000
Due to other funds	-	32,500	47,354	33,780	43,305	49,994	49,255	1,534,610	1,790,798
Due to other governments	-	-	-	-	-	-	-	1,721	1,721
Due to Teacher's Retirement System	1,872,721	-	-	-	-	-	-	-	1,872,721
Due to Employees' Retirement System	233,236	-	-	-	-	-	-	-	233,236
Unearned credits -									
Overpayment and collection in advance	-	-	-	-	-	-	-	11,627	11,627
Total liabilities	2,523,305	2,229,568	3,229,601	2,296,065	3,726,032	3,894,645	3,399,687	9,764,329	31,063,232
Fund balances (deficit):									
Non-spendable	-	-	-	-	-	-	-	51,337	51,337
Restricted	17,593,632	-	-	-	-	-	-	2,690,956	20,284,588
Assigned	998,537	4,859,519	-	-	-	-	-	603,021	6,461,077
Unassigned (deficit)	14,066,671	-	(570,891)	(436,044)	(3,027,071)	(3,495,260)	(3,344,873)	(2,886,152)	306,380
Total fund balances (deficit)	32,658,840	4,859,519	(570,891)	(436,044)	(3,027,071)	(3,495,260)	(3,344,873)	459,162	27,103,382
Total liabilities and fund balances	$ 35,182,145	7,089,087	2,658,710	1,860,021	698,961	399,385	54,814	10,223,491	58,166,614

See accompanying notes to the financial statements.

MASSENA CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2022

	Major governmental funds							Total	
	General	Capital Project HS1	Capital Project JH1	Capital Project JF1	Capital Project NG2	Capital Project MD2	Capital Project JF2	Total non-major governmental funds	Total governmental funds
Revenues:									
Real property taxes	$ 12,357,716	-	-	-	-	-	-	-	12,357,716
Other tax items	2,799,352	-	-	-	-	-	-	-	2,799,352
Charges for services	2,723,097	-	-	-	-	-	-	-	2,723,097
Use of money and property	84,026	-	-	-	-	-	-	-	84,026
Sale of property and compensation for loss	57,745	-	-	-	-	-	-	-	57,745
State sources	38,600,226	-	-	-	-	-	-	1,272,304	39,872,530
Medicaid reimbursement	78,706	-	-	-	-	-	-	-	78,706
Federal sources	-	-	-	-	-	-	-	8,571,429	8,571,429
Surplus food	-	-	-	-	-	-	-	57,354	57,354
Sales - school food service	-	-	-	-	-	-	-	62,402	62,402
Miscellaneous	1,660,420	-	-	-	-	-	-	1,645,873	3,306,293
Total revenues	58,361,288	-	-	-	-	-	-	11,609,362	69,970,650
Expenditures:									
General support	6,199,196	-	-	-	-	-	-	864,883	7,064,079
Instruction	23,706,886	-	-	-	-	-	-	6,044,973	29,751,859
Pupil transportation	2,431,278	-	-	-	-	-	-	-	2,431,278
Employee benefits	14,761,481	-	-	-	-	-	-	2,393,394	17,154,875
Debt service:									
Principal	2,280,000	-	-	-	-	-	-	-	2,280,000
Interest	639,515	-	-	-	-	-	-	-	639,515
Cost of sales	-	-	-	-	-	-	-	673,384	673,384
Capital outlays	-	1,674,336	689,493	1,473,038	3,681,691	4,271,927	4,030,832	3,954,288	19,775,605
Total expenditures	50,018,356	1,674,336	689,493	1,473,038	3,681,691	4,271,927	4,030,832	13,930,922	79,770,595
Excess (deficiency) of revenues over expenditures	8,342,932	(1,674,336)	(689,493)	(1,473,038)	(3,681,691)	(4,271,927)	(4,030,832)	(2,321,560)	(9,799,945)
Other financing sources (uses):									
Proceeds from debt	-	2,232,253	3,252,533	2,320,178	558,962	645,298	635,764	5,371,803	15,016,791
Operating transfers in	-	84,881	34,954	74,676	186,645	216,568	297,871	1,235,628	2,131,223
Operating transfers (out)	(1,121,223)	-	-	-	-	-	-	(1,010,000)	(2,131,223)
Total other sources (uses)	(1,121,223)	2,317,134	3,287,487	2,394,854	745,607	861,866	933,635	5,597,431	15,016,791
Net change in fund balances	7,221,709	642,798	2,597,994	921,816	(2,936,084)	(3,410,061)	(3,097,197)	3,275,871	5,216,846
Fund balances (deficit), beginning of year	25,437,131	4,216,721	(3,168,885)	(1,357,860)	(90,987)	(85,199)	(247,676)	(2,816,709)	21,886,536
Fund balances (deficit), end of year	$ 32,658,840	4,859,519	(570,891)	(436,044)	(3,027,071)	(3,495,260)	(3,344,873)	459,162	27,103,382

See accompanying notes to the financial statements.

MASSENA CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2022

	Custodial	Private purpose trusts
Assets:		
Cash	$ 189,128	135,146
Other receivables	605	-
Total assets	$ 189,733	135,146
Liabilities:		
Due to other funds	-	-
Other liabilities	-	-
Total liabilities	-	-
Net position:		
Restricted for extra classroom activities	189,733	-
Restricted for scholarships	-	135,146
Total net position	189,733	135,146
Total liabilities and net position	$ 189,733	135,146

See accompanying notes to the financial statements.

MASSENA CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the year ended June 30, 2022

	Custodial	Private purpose trusts
Additions:		
Gifts and contributions	$ 605	6,150
Extra classroom receipts	425,145	-
Interest earnings	-	303
Total additions	$ 425,750	6,453
Deductions:		
Extra classroom disbursements	390,369	-
Scholarships and awards	-	15,350
Total deductions	390,369	15,350
Change in net position	35,381	(8,897)
Net position, beginning of year	154,352	144,043
Net position, end of year	$ 189,733	135,146

See accompanying notes to the financial statements.

MASSENA CENTRAL SCHOOL DISTRICT

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

June 30, 2022

Total fund balance - governmental funds		$ 27,103,382
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Cost of capital assets	113,580,260	
Less: accumulated depreciation	(55,058,804)	58,521,456
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Other receivable - NYPA		7,597,155
Net pension asset		18,011,871
Interest payable used in governmental activities is not payable from current resources and therefore are not reported in the governmental funds		(51,612)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds		
Bonds payable		(21,570,121)
Compensated absences		(1,409,941)
Other post-employment benefits		(238,448,393)
Deferred outflows and inflows of resources related to debt are applicable to future periods and therefore are not reported in the governmental funds		
Deferred gain on advance refunding of debt	381,762	
Deferred premiums on debt issuance	(212,957)	168,805
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore are note reported in the governmental funds		
Deferred outflows of resources related to pensions	12,414,375	
Deferred outflows of resources related to OPEB	37,267,771	
Deferred inflows of resources related to pensions	(23,592,416)	
Deferred inflows of resources related to OPEB	(8,289,670)	17,800,060
Total net position - governmental activities		$ (132,277,338)

See accompanying notes to the financial statements.

MASSENA CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities and Changes in Net Position

For the year ended June 30, 2022

Net changes in fund balances - total governmental funds		$ 5,216,846
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is depreciated over their estimated useful lives		
Expenditures for capital assets	19,775,605	
Less: current year depreciation	(3,638,165)	16,137,440
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Other items associated with bond refunding are deferred and amortized on the Statement of Net Position		
Repayment of bonds and debt issuances, net		(12,439,875)
Interest expense reported in the Statement of Activities does not require the use of current resources and is therefore not reported as expenditures in the governmental funds		(214,737)
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in the governmental funds		
Compensated absences	34,028	
Other post employment benefits	(11,309,098)	(11,275,070)
Government funds report pension contributions as expenditures; however, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense		3,365,510
Change in Net Position - Governmental Funds		$ 790,114

See accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

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

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

(a) Financial Reporting Entity

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

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

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

i) Extraclassroom Activity Funds:

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

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture

The District is a component school district in the St. Lawrence-Lewis 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 which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards are also 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 $9,787,424 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District did not issue serial bonds on behalf of BOCES. On October 9, 2018, a $43.5 million capital project was approved by the voters of the St. Lawrence-Lewis BOCES component districts. Financing will be provided through bonds issued by DASNY with an expected repayment term of 30 years. The component districts will share the cost of the project based on BOCES aid ratios, and will receive BOCES aid reimbursements. The net annual cost to the District is projected to be approximately $38,000.

The District's share of BOCES aid amounted to $3,666,086.

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

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation

i) District-Wide Statements:

The Statement of Net Position and the Statement of Activities and Changes in Net Position present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange 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 and Changes in Net Position presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund Financial Statements:

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

The District reports the following major governmental funds:

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

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of 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.

The District reports the following non-major funds:

Special Aid Fund:

Used to 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 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.

Debt Service Fund:

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of the governmental activities.

School Food Service Fund:

Used to account for child nutrition activities whose funds are restricted as to use.

Miscellaneous Special Revenues Fund:

This fund accounts for proceeds from various funding sources, which may be restricted by a donor or designated by the District for specific purposes.

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. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

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

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting

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

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

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

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

(e) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 19, 2021. Taxes were collected during the period September 1, 2021 to November 1, 2021.

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

(1) Summary of Significant Accounting Policies, Continued

(f) Restricted Resources

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

(g) Interfund Transactions

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivable 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, with the exception of those due from or to the fiduciary 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.

(h) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period.

Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

(1) Summary of Significant Accounting Policies, Continued

(i) Cash, Cash and Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

Investments are stated at fair value.

(j) Accounts Receivable

Accounts receivable 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.

(k) Inventories

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

(l) Capital Assets

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

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

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization threshold	Depreciation method	Estimated useful life
Buildings and improvements	$ 5,000	Straight-line	25-50 years
Machinery and equipment	5,000	Straight-line	5-20 years

 (Continued)

(1) Summary of Significant Accounting Policies, Continued

(m) 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 government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-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 last item is the District contributions to the pension systems (TRS and ERS systems) and OPEB subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position or Balance Sheet reports 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 proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

(n) Unearned Revenue

The District reports unearned revenue 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.

(1) Summary of Significant Accounting Policies, Continued

(o) 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.

(p) Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for 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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

(q) 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 an insufficient or no provision is 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.

(Continued)

(1) Summary of Significant Accounting Policies, Continued

(q) Short-Term Debt, Continued

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

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

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

(s) Equity Classifications

District-Wide Statements:

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

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

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

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

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the State of New York. These reserves are established through Board action or voter approval and a separate identity must be maintained for each reserve.

Earnings on the invested resources become a part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Fund balance reserves currently in use by the District include the following:

Unemployment Insurance

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the 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.

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-1) is used to establish a reserve 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. The reserve is accounted for in the Debt Service Fund.

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.
Unrestricted net position - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Tax Certiorari Reserve

Tax Certiorari Reserve (Education Law § 3651.1-a) is 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 which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari 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. The reserve is accounted for in the General fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of 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 of the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3 651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

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

Fund statements:

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

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government delegates authority.

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

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.

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

Following is a breakdown of fund balances reported on the balance sheet:

	General	Capital projects	Misc. spec. revenue	School food service	Debt service
Non-spendable:					
Inventory	$ -	-	-	51,337	-
Restricted:					
Unemployment insurance	377,180	-	-	-	-
Tax certiorari	1,000,000	-	-	-	-
Employee benefits and accrued liab.	8,158,972	-	-	-	-
Retirement ERS	4,006,465	-	-	-	-
Retirement TRS	1,261,310	-	-	-	-
Workers' compensation	1,289,705	-	-	-	-
Capital	1,500,000	-	-	-	-
Debt service	-	-	-	-	2,690,956
Assigned:					
Assigned appropriated	998,537	-	-	-	-
Instruction	-	-	-	-	-
Misc. special revenue	-	-	156,433	-	-
Major capital projects	-	4,859,519	-	-	-
School lunch	-	-	-	446,588	-
Unassigned	14,066,671	(13,760,291)	-	-	-
Total fund balance	$ 32,658,840	(8,900,772)	156,433	497,925	2,690,956

(1) Summary of Significant Accounting Policies, Continued

(t) New Accounting Pronouncement

On July 1, 2021, the District adopted Statements of the Governmental Accounting Standards Board (GASB) No. 87, *Leases*. This statement did not have a material impact on the District's financial statements.

(2) Prior Period Restatement

During 2022, amounts related to the investment in joint venture for the St. Lawrence-Lewis Counties School District Employees Workers Compensation and Medical Plans consortium were determined to be contingent assets which should not have been recorded as an asset in accordance with GAAP. Accordingly, certain balances have been adjusted to opening net position in the Statement of Activities and Changes in Net Position – Governmental Activities.

The effect of the adjustment resulted in a reduction in investment in joint venture an in net position of $2,854,243 as of June 30, 2021.

(3) Stewardship, Compliance and Accountability

Budgetary procedures and budgetary accounting:

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which 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) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered.

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

Budgets are adopted annually on a basis consistent with Generally Accepted Accounting Principles (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 funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

(Continued)

(3) Stewardship, Compliance and Accountability, Continued

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end 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. Encumbrances are classified as restricted or assigned fund balance based on the source and strength of constraints placed on them.

The portion of the District's fund balance subject to the New York State Real Property Tax Law§ 1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year.

The major capital projects funds for HS1, JH1, JF1, NG2, MD2 and JF2 had deficit fund balances totalling $6,014,620 and the non-major capital projects funds had deficit fund balances of $2,886,152. These will be funded when permanent financing is obtained.

(4) Custodial Credit and Concentration of Credit

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 included balances not covered by depository insurance at year end. All balances were collateralized with securities held by the pledging financial institutions, but not in the District’s name. Bank balances totalled approximately $595,000.

(5) Investments Pool - NYCLASS

The District participates in a multi-municipal cooperative investment pool agreement with NYCLASS pursuant to New York State General Municipal Law Article 5-G, §119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. The District's total NYCLASS balance at June 30, 2022 was approximately $50,124,000.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash equivalents held with NYCLASS at year end were approximately $28,742,000 in the general fund and approximately $2,322,000 in the debt service fund.

The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative can be obtained from the New York Cooperative Liquid Assets Securities System (NYCLASS).

(6) Capital Assets

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

Governmental activities	Beginning balance	Additions	Retirements/ reclassifications	Ending balance
Capital assets that are not depreciated:				
Land	$ 64,795	-	-	64,795
Construction in progress	12,492,322	19,872,645	(97,039)	32,267,928
Total nondepreciable assets	12,557,117	19,872,645	(97,039)	32,332,723
Capital assets that are depreciated:				
Buildings and improvements	73,909,024	-	97,039	74,006,063
Machinery and equipment	6,611,734	1,082,509	(452,769)	7,241,474
Total depreciable assets	80,520,758	1,082,509	(355,730)	81,247,537
Less accumulated depreciation:				
Buildings and improvements	47,454,866	2,715,280	-	50,170,146
Machinery and equipment	4,413,679	922,885	(447,906)	4,888,658
Total accumulated depreciation	51,868,545	3,638,165	(447,906)	55,058,804
Total depreciated assets, net	$ 41,209,330	17,316,989	(4,863)	58,521,456

Depreciation expense was charged to governmental functions as follows:

Administrative services	$ 145,526
Regular instruction	2,473,952
Pupil transportation	1,018,687
	$ 3,638,165

(7) Short-Term Debt

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

	Beginning balance	Issued	Redeemed	Ending balance
BAN maturing 8/27/21 at 1.5%	$ 12,000,000	-	12,000,000	-
BAN maturing 6/29/23 at 4.0%	-	23,910,000	-	23,910,000

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

Interest paid	$ 458,500
Less: interest accrued in the prior year	(144,800)
Plus: interest accrued in the current year	-
Total expense	$ 313,700

(8) Long-Term Obligations

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

Government activities	Beginning balance	Additions	Reductions	Ending balance	Amount due within one year
Serial Bonds 2013	$ 2,025,000	-	165,000	1,860,000	150,000
Serial Bonds 2015	2,345,000	-	930,000	1,415,000	950,000
Serial Bonds 2016	4,245,000	-	1,190,000	3,055,000	1,210,000
Serial Bonds 2022	-	13,990,000	-	13,990,000	530,000
Premium on bonds	-	1,250,121	-	1,250,121	83,341
Total bonds payable	8,615,000	15,240,121	2,280,000	21,570,121	2,923,341
Other liabilities:					
Compensated absences payable	1,443,969	-	34,028	1,409,941	-
Other postemployment benefits payable	226,592,816	11,855,577	-	238,448,393	-
Net pension liability – proportionate	2,588,708	-	2,588,708	-	-
Total other liabilities	230,625,493	11,855,577	2,622,736	239,858,334	2,923,341
Total long-term liabilities	$ 239,240,493	27,095,698	4,902,736	261,428,455	2,923,341

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

(Continued)

(8) Long-Term Debt, Continued

Existing serial and statutory bond obligations:

Description of issue	Issue date	Final maturity	Interest rate	Outstanding June 30, 2022
Serial bonds	2013	2033	2.00%	$ 1,860,000
Serial bonds	2015	2025	2.00%	1,415,000
Serial bonds	2016	2024	2.00%	3,055,000
Serial bonds	2022	2036	3.40%	13,990,000
				20,320,000

The following is a summary of debt service requirements:

	Serial bonds	
	Principal	Interest
Fiscal year ended June 30:		
2023	$ 2,840,000	1,051,877
2024	2,615,000	762,525
2025	1,560,000	685,050
2026	995,000	629,000
2027	1,045,000	581,550
2028 - 2032	5,995,000	2,126,150
2033 - 2036	5,270,000	654,300
	$ 20,320,000	6,490,452

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

Interest paid	$ 639,515
Less: interest accrued in the prior year	(6,083)
Less: amortization of bond premium	(57,347)
Plus: interest accrued in the current year	51,612
Plus: amortization of escrow cost	111,947
Total expense	$ 739,644

(9) Interfund Balances and Activity

Interfund balances at June 30, 2022 are as follows:

		Interfund Receivable	Interfund Payable
General fund	$	1,421,758	-
Special aid fund		-	1,271,894
School food service fund		-	149,864
Capital projects fund - major		-	256,188
Capital projects fund - Non-major		-	112,852
Debt service fund		369,040	-
Totals	$	1,790,798	1,790,798

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

(10) Pension Plans

Teachers' Retirement System Plan Description

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple employer public employee defined benefit retirement system. TRS offers 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.

The New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Lay of the State of New York. 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 TRS Annual Comprehensive Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System 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. ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS 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 ERS, the election is irrevocable.

(Continued)

(10) Pension Plans, Continued

Employees' Retirement System Plan Description, Continued

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

TRS Benefits Provided

Benefits

The benefits provided to members of TRS 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 (Tier 1 - 6) and are as follows:

Vested Benefits

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

Disability Retirement

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

Death Benefits

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

Prior Service

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

(10) Pension Plans, Continued

TRS Benefits Provided, Continued

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 annual benefit. The applicable percentage payable beginning September 2020 is 1.0%. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

ERS Benefits Provided

Benefits

ERS provides retirement benefits as well as death and disability benefits.

Final average salary is the average of the wages earned in the five 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% greater than the average of the previous four years.

Vested Benefits

Members who joined ERS prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100% vested.

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.

(10) Pension Plans, Continued

ERS Benefits Provided, Continued

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 five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one- half the cost-of living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% 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%.

Funding Policies

TRS and ERS are noncontributory except for employees who joined after July 27, 1976, who contribute 3% 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 6 vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

(Continued)

(10) Pension Plans, Continued

Funding Policies, Continued

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

Year		ERS	TRS
June 30, 2022	$	822,395	1,671,074
June 30, 2021		792,906	1,474,692
June 30, 2020		767,048	1,731,838

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

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

		ERS	TRS
Measurement Date		March 31, 2022	June 30, 2021
District's proportionate share of the net pension asset	$	1,487,606	16,524,265
District's portion (%) of the plan's total net pension asset		0.0181979%	0.095356%
Change in proportion (%) since the prior measurement date		(0.0007609%)	0.002356%

For the year ended June 30, 2022, the District recognized pension income of $672,764 for ERS and pension income of $2,692,746 for TRS.

(Continued)

(10) Pension Plans, Continued

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

At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources	
		ERS	TRS	ERS	TRS
Differences between expected and actual experience	$	112,659	2,277,695	146,124	85,851
Change of assumptions		2,482,648	5,435,176	41,892	962,490
Net difference between projected and actual investment earnings		-	-	4,871,288	17,294,353
Changes in proportion and difference between the District's contributions and proportionate share of contributions		38,683	96,896	63,001	127,417
District's contributions subsequent to the measurement date		233,236	1,737,382	-	-
Total	$	2,867,226	9,547,149	5,122,305	18,470,111

District contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

		ERS	TRS
2022	$	-	(2,140,267)
2023		(374,982)	(2,513,506)
2024		(552,492)	(3,164,948)
2025		(1,280,108)	(4,159,191)
2026		(280,734)	776,627
Thereafter		-	540,942

(10) Pension Plans, Continued

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.90%	6.95%
Salary scale	4.40%	1.30%
Decrement tables	April 1, 2015 - March 31, 2020 System experience	July 1, 2016 - June 30, 2020 System experience
Inflation rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2016 - June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020.

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 the target asset allocation percentage and by adding expected inflation.

(10) Pension Plans, Continued

Actuarial Assumptions, Continued

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

	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Asset type:		
Domestic equity	3.30%	6.80%
International equity	5.85%	7.60%
Global equity		7.10%
Private equity	6.50%	10.00%
Real estate	5.00%	6.50%
Domestic fixed income securities		1.30%
Global bonds		0.80%
High-yield bonds		3.80%
Private debt		5.90%
Real estate debt		3.30%
Opportunistic/ARS portfolio	4.10%	
Real assets	5.58%	
Cash	(1.00%)	(0.20%)
Credit	3.78%	

Discount Rate

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

(10) Pension Plans, Continued

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

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

ERS	1% decrease (4.90%)	Current assumption (5.90%)	1% increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	$ (3,829,083)	1,487,606	5,934,760

TRS	1% decrease (5.95%)	Current assumption (6.95%)	1% increase (7.95%)
Employer's proportionate share of the net pension asset	$ 1,733,981	16,524,265	28,954,425

Pension Plan Fiduciary Net Position

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

	(Dollars in thousands) ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Employers' total pension asset (liability)	$ (223,874,888)	(130,819,415)
Plan net position	232,049,473	148,148,457
Employers' net pension asset (liability)	$ 8,174,585	17,329,042
Ratio of plan net position to the employers' total pension asset (liability)	103.65%	113.20%

(10) Pension Plans, Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to $233,236.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to $1,872,721.

(11) Post-Employment (Health Insurance) Benefits

General information about the OPEB Plan

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

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

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

Retirees and survivors	347
Terminated vested employees	-
Actives	386
	733

(11) Post-Employment (Health Insurance) Benefits, Continued

Total OPEB Liability

The District's total OPEB liability of $238,448,393 was measured as of July 1, 2021, and was determined by an actuarial valuation as of that date.

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

Inflation	2.40%
Salary scale	3.00%
Discount rate	2.14%
Healthcare cost trend rates	6.50% for 2021, decreasing to an ultimate rate of 3.94%
Retirees' share of benefit-related costs	Contribution is based on the contract in place at retirement date ranging from zero to 10% of premium

The discount rate was based on Bond Buyer Weekly 20-Bond GO index.

Mortality rates for active employees were based on the RPH-2014 Mortality Tables for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020. Mortality rates for retirees were based on the RPH-2014 Mortality Table for Healthy Annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2019 to July 1, 2020.

(11) Post-Employment (Health Insurance) Benefits, Continued

Changes in the Total OPEB Liability

Balance at June 30, 2021	$ 226,592,816
Service cost	8,758,251
Interest	5,146,284
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	2,926,100
Benefit payments	(4,975,058)
Net changes	11,855,577
Balance at June 30, 2022	$ 238,448,393

Changes of assumptions and other inputs reflects a change in the discount rate from 2.21% on July 1, 2020 to 2.14% on July 1, 2021, and updated trend assumptions.

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

		1% decrease (1.14%)	Discount Rate (2.14%)	1% increase (3.14%)
Total OPEB liability	$	286,128,762	238,448,393	200,896,806

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

		1% decrease (2.94%)	Current Trend Rates (3.94%)	1% increase (4.94%)
Total OPEB liability	$	194,357,377	238,448,393	297,095,920

(11) Post-Employment (Health Insurance) Benefits, Continued

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

For the year ended June 30, 2022 the District recognized OPEB expense of $11,275,070. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ -	5,280,326
Changes of assumptions or other inputs	32,036,393	3,009,344
Employer contributions subsequent to the measurement date	5,231,378	-
Total	$ 37,267,771	8,289,670

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

Year ended June 30:	
2023	$ 4,681,680
2024	6,708,349
2025	6,113,952
2026	5,788,012
2027	454,730
Thereafter	-
	$ 23,746,723

(12) Risk Management

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

The District participates in the St. Lawrence-Lewis BOCES Health Insurance Consortium, a non-risk retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 19 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 $100,000 per insured event. The pool obtains independent coverage for insured events in excess of the $100,000 limit, and the District has essentially transferred all related risk to the pool.

(12) Risk Management, Continued

The District participates in the St. Lawrence-Lewis BOCES Workers' Compensation Insurance Consortium, 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 has no liability as of June 30, 2022.

(13) Contingencies and Commitments

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

(14) Other Receivable - NYPA

As part of an agreement with the New York Power Authority (NYPA), the District is to receive 50 annual payments of $433,200 for the years 2004 to 2053. A receivable has been recorded on the entity wide financial statements to reflect the net present value of these payments.

(15) Tax Abatements

The District's property tax revenue was reduced by approximately $84,000 as a result of property tax abatement programs for the purpose of economic development. The District received Payment in Lieu of Tax (PILOT) payments totalling approximately $298,000.

 (Continued)

(16) Coronavirus Pandemic

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic and the United States federal government declared COVID-19 a national emergency. The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act authorizes funding for a second Education Stabilization Fund to prevent, prepare and respond to the coronavirus.

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 (ARP). These funds are focused on supporting the safe return to in-person instructions and continuity of services, addressing the impact of lost instructional time through summer or extended school programs, responding to students' academic, social, and emotional needs, and addressing the disproportionate impact of the coronavirus on economically disadvantaged students, children with disabilities, English learners, racial and ethnic minorities, migrant students, students experiencing homelessness, and children and youth in foster care.

During the 21-22 school year the district was awarded funding under the CRRSA Act and the ARP. This funding is to be used through September 2024.

(17) Subsequent Events

Management has evaluated subsequent events and transactions that have occurred between June 30, 2022 and October 26, 2022, which is the date the financial statements were issued.

MASSENA CENTRAL SCHOOL DISTRICT

Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund

For the year ended June 30, 2022

	Original budget	Revised budget	Actual		Over/(under) revised budget
Revenues:					
Local sources:					
Real property taxes	$ 12,331,904	12,331,904	12,357,716		25,812
Other tax items	2,826,101	2,826,101	2,799,352		(26,749)
Charges for services	1,735,000	1,735,000	2,723,097		988,097
Use of money and property	85,000	85,000	84,026		(974)
Forfeitures	-	-	-		-
Sale of property and compensation for loss	15,110	15,110	57,745		42,635
Miscellaneous	1,638,500	1,638,500	1,660,420		21,920
Sales-school store	-	-	-		-
Interfund revenues	-	-	-		-
Total local sources	18,631,615	18,631,615	19,682,356		1,050,741
State sources	38,557,818	38,557,818	38,600,226		42,408
Federal sources	125,000	125,000	78,706		(46,294)
Total revenues	57,314,433	57,314,433	58,361,288		1,046,855
Other financing sources:					
Proceeds from debt	-	-	-		-
Transfers from other funds	400,000	400,000	-		(400,000)
Total revenues and other financing sources	57,714,433	57,714,433	58,361,288		646,855
				Year-end encumbrances	Variance with actual and encumbrances
Expenditures:					
General support:					
Board of Education	50,290	53,740	50,523	$ -	3,217
Central administration	221,708	221,708	208,667	-	13,041
Finance	411,451	411,451	394,290	-	17,161
Staff	119,465	119,465	75,106	-	44,359
Central services	3,053,809	3,103,826	2,835,336	-	268,490
Special items	2,442,400	2,684,900	2,635,274	-	49,626
Total general support	6,299,123	6,595,090	6,199,196	-	395,894
Instruction:					
Administration and improvement	1,564,699	1,633,899	1,610,448	-	23,451
Teaching - regular school	12,212,464	12,110,705	9,540,107	-	2,570,598
Programs for student with disabilities	10,181,144	9,779,048	7,777,663	-	2,001,385
Occupational education	1,706,253	1,727,253	1,585,668	-	141,585
Teaching - special school	48,758	48,758	40,351	-	8,407
Instructional media	1,613,933	1,710,277	1,490,184	-	220,093
Pupil services	1,975,558	2,010,958	1,662,465	-	348,493
Total instruction	29,302,809	29,020,898	23,706,886	-	5,314,012
Other:					
Pupil transportation	2,437,355	2,574,055	2,431,278	-	142,777
Employee benefits	17,265,031	17,123,716	14,761,481	-	2,362,235
Debt service	3,213,308	3,213,308	2,919,515	-	293,793
Total other	22,915,694	22,911,079	20,112,274	-	2,798,805
Total expenditures	58,517,626	58,527,067	50,018,356	-	8,508,711
Other financing uses:					
Transfers to other funds	1,195,000	1,195,000	1,121,223	-	73,777
Total expenditures and other financing uses	59,712,626	59,722,067	51,139,579	$ -	8,582,488
Net change in fund balances	(1,998,193)	(2,007,634)	7,221,709		
Fund balances, beginning of year			25,437,131		
Fund balances, end of year			$ 32,658,840		

See accompanying independent auditor's report.

MASSENA CENTRAL SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Five Fiscal Years

For the year ended June 30, 2022

		2022	2021	2020	2019	2018
Service cost	$	8,758,251	5,280,695	5,334,152	4,941,249	6,267,741
Interest		5,146,284	6,651,468	7,107,542	6,404,981	5,604,569
Changes of benefit terms		-	(1,717,165)	-	(7,663,260)	-
Difference between expected and actual experience		-	(7,496,895)	-	(1,096,813)	-
Change of assumptions or other inputs		2,926,100	41,560,953	(1,218,126)	7,231,332	(25,047,607)
Benefit payments		(4,975,058)	(4,895,019)	(4,676,043)	(4,262,254)	(4,204,947)
Net change in total OPEB liability		11,855,577	39,384,037	6,547,525	5,555,235	(17,380,244)
Total OPEB liability - beginning		226,592,816	187,208,779	180,661,254	175,106,019	192,486,263
Total OPEB liability - ending	$	238,448,393	226,592,816	187,208,779	180,661,254	175,106,019
Covered payroll	$	20,598,589	20,236,702	20,008,908	20,204,004	18,909,789
Total OPEB liability as a percentage of covered payroll		1158%	1120%	936%	894%	926%

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

See accompanying independent auditor's report.

MASSENA CENTRAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of District's Proportionate Share of the Net Pension Asset (Liability)
NYSLRS Pension Plan Last Eight Fiscal Years

For the year ended June 30, 2022

Teachers' Retirement System (TRS)	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.095356%	0.093000%	0.093480%	0.095118%	0.093600%	0.093258%	0.093093%	0.093731%
District's proportion share of the net pension asset (liability)	16,524,265	(2,569,830)	2,428,620	1,719,989	711,456	(998,832)	9,669,400	10,441,012
District's covered payroll	17,728,387	15,785,000	15,603,000	14,832,000	14,391,000	13,984,000	13,846,000	14,107
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	93.21%	16.28%	15.57%	11.60%	4.94%	7.14%	69.84%	74.01%
Plan fiduciary net position as a percentage of the total pension asset (liability)	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
Employees' Retirement System (ERS)								
District's proportion of the net pension liability	0.018198%	0.0189588%	0.0189299%	0.0185954%	0.0184120%	0.0179982%	0.0180466%	0.0181134%
District's proportionate share of the net pension asset (liability)	1,487,606	(18,878)	(5,012,748)	(1,317,537)	(594,238)	(1,691,150)	(2,896,523)	611,916
District's covered payroll	5,312,000	5,704,000	5,250,000	5,149,000	4,943,000	4,687,000	4,431,000	4,420,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	28.00%	0.33%	95.48%	25.59%	12.02%	36.08%	65.37%	13.84%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

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

See accompanying independent auditor's report.

MASSENA CENTRAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of District's Contributions - NYSLRS Pension Plan
Last Ten Fiscal Years

For the year ended June 30, 2022

Teachers' Retirement System (TRS)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution (thousands)	$ 1,671	1,475	1,732	1,596	1,813	1,967	2,523	2,328	1,775	1,609
Contribution in relation to contractually required contribution	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll (thousands)	17,728	16,185	15,785	15,603	14,832	14,391	13,984	13,846	14,107	13,452
Contribution as a % of covered employee payroll	9.43%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%
Employees' Retirement System (ERS)										
Contractually required contribution (thousands)	818	793	767	737	731	710	801	835	877	819
Contribution in relation to contractually required contribution	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll (thousands)	5,312	5,704	5,250	5,149	4,943	4,687	4,431	4,420	4,427	4,419
Contribution as a % of covered employee payroll	15.39%	13.90%	14.60%	14.31%	14.79%	15.15%	18.08%	18.89%	19.81%	18.53%

See accompanying independent auditor's report.

MASSENA CENTRAL SCHOOL DISTRICT

Schedule of Change from Adopted Budget to Final Budget and the
Real Property Tax Limit - General Fund

For the year ended June 30, 2022

Change from Adopted Budget to Revised Budget

Adopted budget	$	59,712,626
Add: prior year's encumbrances		9,441
Original budget		59,722,067
Budget revision		-
Final budget	$	59,722,067

Section 1318 of Real Property Tax Law Limit Calculation

2022-2023 voter approved expenditure budget			$	63,837,148
Maximum allowed 4% of 2022-2023 budget				2,553,486
General fund balance subject to Section 1318 of Real Property Tax Law				
Unrestricted fund balance:				
Assigned fund balance	$	998,537		
Unassigned fund balance		14,066,671		
Total unrestricted fund balance		15,065,208		
Less:				
Appropriated fund balance		998,537		
Encumbrances included in unassigned fund balance		-		
Total adjustments		998,537		
General fund balance subject to Section 1318 of Real Property Tax Law			$	14,066,671
Annual percentage				22.04%

See accompanying independent auditor's report.

MASSENA CENTRAL SCHOOL DISTRICT

Schedule of Capital Projects Fund - Project Expenditures and Financing Resources

For the year ended June 30, 2022

			Expenditures				Methods of financing				Fund balance
Project Title	Original appropriation	Revised appropriation	Prior years	Current year	Total	Unexpended balance	Proceeds of obligations	State aid	Local sources	Total	(deficit) June 30, 2022
HS I	$ 9,075,000	10,315,597	1,706,426	1,674,336	3,380,762	6,934,835	1,368,658	-	6,008,028	7,376,686	3,995,924
JH I	6,120,000	6,013,872	3,614,571	689,493	4,304,064	1,709,808	563,615	-	480,639	1,044,254	(3,259,810)
NG I	4,255,000	4,928,015	2,828,672	727,232	3,555,904	1,372,111	594,463	-	255,793	850,256	(2,705,648)
MD I	4,262,000	5,610,595	2,373,672	1,281,100	3,654,772	1,955,823	1,047,213	-	254,957	1,302,170	(2,352,602)
JF I	4,042,000	5,798,591	1,476,014	1,473,039	2,949,053	2,849,538	1,204,110	-	192,831	1,396,941	(1,552,112)
CAB I	452,000	452,000	305,393	9,371	314,764	137,236	7,660	-	24,922	32,582	(282,182)
Trans I	700,000	911,569	420,660	9,157	429,817	481,752	7,485	-	34,138	41,623	(388,194)
HS II	1,716,600	1,956,600	101,819	1,043,976	1,145,795	810,805	853,380	-	61,076	914,456	(231,339)
NG II	4,720,000	7,853,238	98,904	3,681,692	3,780,596	4,072,642	3,009,537	-	194,563	3,204,100	(576,496)
MD II	4,660,000	7,859,084	92,613	4,271,926	4,364,539	3,494,545	3,492,015	-	223,980	3,715,995	(648,544)
JF II	4,250,000	6,556,184	269,227	4,030,831	4,300,058	2,256,126	3,294,936	-	225,895	3,520,831	(779,227)
Trans II	375,000	375,000	11,560	180,511	192,071	182,929	147,556	-	10,076	157,632	(34,439)
SSIP 2	15,323	15,323	12,656	533	13,189	2,134	-	-	13,189	13,189	-
HS	50,000	50,000	-	50,000	50,000	-	400,138	-	-	400,138	350,138
Phones/Dist	100,000	100,000	-	97,039	97,039	2,961	-	-	97,039	97,039	-
HS III	9,160,000	9,032,000	-	489,506	489,506	8,542,494	-	-	74,818	74,818	(414,688)
JH	3,510,000	3,630,000	-	151,694	151,694	3,478,306	124,000	-	7,690	131,690	(20,004)
CAB II	250,000	258,000	-	11,743	11,743	246,257	9,599	-	595	10,194	(1,549)
Total	$ 57,712,923	71,715,668	13,312,187	19,873,179	33,185,366	38,530,302	16,124,365	-	8,160,229	24,284,594	(8,900,772)

See accompanying independent auditor's report.

MASSENA CENTRAL SCHOOL DISTRICT

Combining Balance Sheet - Non-Major Governmental Funds

June 30, 2022

		Special aid	Debt service	Non-major capital projects	School food service	Misc. special revenues	Total non-major funds
Assets:							
Cash:							
Unrestricted	$	-	-	5,403,044	201	156,993	5,560,238
Restricted		489,581	2,321,916	-	265,512	-	3,077,009
Receivables:							
Accounts receivable		-	-	-	-	86	86
State and federal aid		793,885	-	22,867	349,029	-	1,165,781
Due from other funds		-	369,040	-	-	-	369,040
Inventories		-	-	-	51,337	-	51,337
Total assets	$	1,283,466	2,690,956	5,425,911	666,079	157,079	10,223,491
Liabilities:							
Payables:							
Accounts payable	$	4,287	-	887,514	2,232	-	894,033
Accrued liabilities		7,285	-	-	2,710	646	10,641
Bond anticipation notes		-	-	7,311,697	-	-	7,311,697
Due to other funds		1,271,894	-	112,852	149,864	-	1,534,610
Due to other governments		-	-	-	1,721	-	1,721
Unearned credits							
Overpayment and collections in advance		-	-	-	11,627	-	11,627
Total liabilities		1,283,466	-	8,312,063	168,154	646	9,764,329
Fund balances:							
Non-spendable		-	-	-	51,337	-	51,337
Restricted		-	2,690,956	-	-	-	2,690,956
Assigned		-	-	-	446,588	156,433	603,021
Unassigned		-	-	(2,886,152)	-	-	(2,886,152)
Total fund balances (deficit)		-	2,690,956	(2,886,152)	497,925	156,433	459,162
Total liabilities and fund balances	$	1,283,466	2,690,956	5,425,911	666,079	157,079	10,223,491

See accompanying independent auditor's report.

MASSENA CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2022

		Special aid	Debt service	Non-major capital projects	School food service	Misc. special revenues	Total non-major funds
Revenues:							
Miscellaneous	$	-	1,496,031	50,000	820	99,022	1,645,873
State sources		1,237,807	-	534	33,963	-	1,272,304
Federal sources		6,868,029	-	-	1,703,400	-	8,571,429
Surplus food		-	-	-	57,354	-	57,354
Sales - school food service		-	-	-	62,402	-	62,402
Total revenues	$	8,105,836	1,496,031	50,534	1,857,939	99,022	11,609,362
Expenditures:							
General support		-	240,125	-	527,164	97,594	864,883
Instruction		6,044,973	-	-	-	-	6,044,973
Employee benefits		2,084,795	-	-	308,599	-	2,393,394
Cost of sales		-	-	-	673,384	-	673,384
Capital outlay		-	-	3,954,288	-	-	3,954,288
Total expenditures		8,129,768	240,125	3,954,288	1,509,147	97,594	13,930,922
Excess (deficiency) of revenues over expenditures		(23,932)	1,255,906	(3,903,754)	348,792	1,428	(2,321,560)
Other financing sources (uses):							
Proceeds from debt		-	-	5,371,803	-	-	5,371,803
Operating transfers in		23,932	-	1,211,444	252	-	1,235,628
Operating transfers out		-	(1,010,000)	-	-	-	(1,010,000)
Total other sources (uses)		23,932	(1,010,000)	6,583,247	252	-	5,597,431
Excess (deficiency) of revenues and other sources over expenditures and other uses		-	245,906	2,679,493	349,044	1,428	3,275,871
Fund balances - beginning of year		-	2,445,050	(5,565,645)	148,881	155,005	(2,816,709)
Fund balances - end of year	$	-	2,690,956	(2,886,152)	497,925	156,433	459,162

See accompanying independent auditor's report.

Schedule 9

MASSENA CENTRAL SCHOOL DISTRICT

Net Investment in Capital Assets

For the year ended June 30, 2022

Capital assets, net		$ 58,521,456
Add:		
Deferred gain on advance refunding of debt		381,762
Deduct:		
Unamortized bond premium from refinancing	$ 212,957	
Bond anticipation notes spent on capital assets	23,910,000	
Short-term portion of bonds payable	2,923,341	
Long-term portion of bonds payable	18,646,780	45,693,078
Investment in capital assets, net of related debt		$ 13,210,140

See accompanying independent auditor's report.

Fust Charles Chambers LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

To the Board of Education
Massena Central School District:

Opinion

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Massena Central School District for the year ended June 30, 2022, 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 (GAAS) and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Massena Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in note 1, and for 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.

(Continued)

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Fust Charles Chambers LLP
CERTIFIED PUBLIC ACCOUNTANTS

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS 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 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 Massena Central School District's internal control. 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, significant audit findings, and certain internal control related matters that we identified during the audit.

Fust Charles Chambers LLP

Syracuse, New York
October 26, 2022

Fust Charles Chambers LLP

MASSENA CENTRAL SCHOOL DISTRICT

Extra Classroom Activity Funds - Statement of Cash Receipts and Disbursements

For the year ended June 30, 2022

Activity		Beginning balance July 1, 2021	Receipts	Expenditures	Ending balance June 30, 2022
Lego Robotics Club	$	6,543	-	2,480	4,063
JH Field Experience		14,409	139,745	146,116	8,038
JH Student Council		3,372	5,445	7,294	1,523
HS Art Club		459	-	-	459
Band Club		9,200	16,721	18,431	7,490
Mixed Choir		6,959	22,428	23,436	5,951
Orchestra Club		114	-	-	114
Yearbook Club		7,305	10,275	8,832	8,748
Spanish Honor Society Club		1,992	705	1,380	1,317
HS French Club		1,488	-	-	1,488
Spanish Club		3,550	-	-	3,550
Thespian Club		9,536	36,207	22,080	23,663
National Honor Society Club		1,335	845	843	1,337
HS Student Council		4,005	4,119	4,452	3,672
Native American Club		2,060	-	-	2,060
Athletic Club		42,772	129,074	101,345	70,501
Interact Club		691	-	300	391
Chess Club		1,208	850	-	2,058
Class of 2021		2,200	-	2,200	-
Class of 2022		5,283	18,217	22,707	793
Class of 2023		4,812	8,595	4,614	8,793
Class of 2024		6,435	688	2,776	4,347
Class of 2025		-	2,157	-	2,157
Community Based Work Program		1,144	-	-	1,144
Environmental Science Club		1,474	1,025	-	2,499
HS Café		5,632	8,936	6,843	7,725
French Honor Society		1,296	336	675	957
Anime Club		898	-	92	806
Jefferson Student Council		3,603	11,833	6,188	9,248
Madison Student Council		2,232	2,988	2,787	2,433
Nightengale Student Council		2,345	3,956	4,498	1,803
Total	$	154,352	425,145	390,369	189,128

See accompanying notes to the financial statements - extra classroom activity fund.

MASSENA CENTRAL SCHOOL DISTRICT

Extra Classroom Activity Funds – Note to Financial Statement

June 30, 2022

(1) Significant Accounting Policies

The Extra Classroom Activity Funds of the Massena 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 Massena 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.

MASSENA CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Expenditures
U.S. Department of Agriculture			
Passed through NYS Education Dept.:			
Child Nutrition Cluster:			
Non-cash assistance (food distribution):			
National School Lunch Program	10.555		$ 57,354
Non-cash assistance subtotal			57,354
Cash assistance:			
National School Lunch Program	10.555		1,636,273
Summer Food Service Program	10.559		67,127
Cash assistance subtotal			1,703,400
Total U.S. Department of Agriculture Child Nutrition Cluster Passed-through NYS Education Department			1,760,754
U.S. Department of Education			
Passed through NYS Education Dept.:			
Special Education Cluster:			
Special Education - Grants to States	84.027A	0032-22-0795	750,062
Special Education - Preschool Grants	84.173A	0033-22-0795	27,238
Total special education cluster			777,300
Title I Grants to LEAS	841.010A	0021-22-2630	1,270,055
Title I Grants to LEAS	841.010A	0011-22-3088	35,898
Title I Grants to LEAS	841.010A	0011-21-3088	16,895
Total Title I			1,322,848
Title IIA	84.367A	0147-22-2630	68,841
Title IIA	84.367A	0147-21-2630	65,550
Title IV Part A	84.424A	0204-22-2630	87,881
Title IV Part A	84.424A	0204-21-2630	1,442
Title V	84.358B	0006-21-2630	4,622
Title V	84.358B	0006-22-2630	36,920
Title VI	84.060A	S060A172282	123,217
Education Stabilization Fund:			
ARP ESSER 3	84.842U	5880-21-2630	2,344,550
CRRSA-ESSER 2	84.425C	5891-21-2630	1,944,960
ARP - Full Day UPK	84.425U	S425U210022	674,878
611 ARP		5532-22-0795	93,816
619 ARP		5533-22-0795	704
			5,058,908
Total U.S. Department of Education Passed-through NYS Education Department			7,547,529
Total Federal Awards Expended			9,308,283

See accompanying notes to schedule of expenditures of federal awards.

MASSENA CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

June 30, 2022

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of federal award programs administered by the District, which is described in note 1 to the District's accompanying financial statements, for the year ended June 30, 2022. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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 for the data presented. Ce1tain of the District's federal award programs have been charged with indirect costs, based upon a rate established by New York State. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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.

Fust Charles Chambers LLP
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Board of Education
Massena Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Massena Central School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Massena Central School District's basic financial statements and have issued our report thereon dated October 26, 2022.

Report on Internal Control over Financial Reporting

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Fust Charles Chambers LLP

Syracuse, New York **Fust Charles Chambers LLP**
October 26, 2022

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

To the Board of Education
Massena Central School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Massena 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 the Massena Central School District's major federal programs for the year ended June 30, 2022. Massena 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, the Massena Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 the Massena 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 the Massena Central School District's compliance with the compliance requirements referred to above.

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Report on Compliance for Each Major Federal Program, Continued

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

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Massena 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 Massena 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 Massena Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

(Continued)

Fust Charles Chambers LLP
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance for Each Major Federal Program, Continued

Auditor's Responsibilities for the Audit of Compliance, Continued

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

Report on Internal Control over Compliance

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

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

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

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

Fust Charles Chambers LLP

Syracuse, New York
October 26, 2022

Fust Charles Chambers LLP

MASSENA CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP.	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major program:

Federal Assistance Listing Number(s)	*Name of Federal Program or Cluster*
84.425D, 84.425C	Education Stabilization Fund
84.010A	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

(Continued)

Section II - Financial Statement Findings

2022-001 Reserves

Criteria: According to GML Section 6-p, the employee benefit accrued liability reserve is used to reserve funds for payments of accrued employee benefits due upon termination of service.

Condition: During our review of the District's fund balance reservations, we noted that the employee benefit accrued liability reserve appears to be too high. The balance exceeds the amounts currently accrued for future employee benefits by approximately $6.05 million.

Context: This is a situation that originated many years ago. The District obtained permission from the NYS Comptroller to utilize a portion of the reserve in fiscal years ended June 30, 2012 and 2013.

Effect: Overstatement of this reserve could result in an understatement of unrestricted fund balance. Unrestricted fund balance is limited under New York State Real Property Tax law.

Recommendation: We recommend that the District review its employee benefit accrued liability reserve for compliance with state regulations.

Management's Response: The District is working on a plan to redistribute the excess funds within the Employee Benefit Accrued Liability Reserve, but it is currently regulated by the State Comptroller's Office and is a rather intricate process. The District was allowed to use the excess balance of the reserve to fund its' budget deficit up to the GAP Elimination Adjustment. Now that the adjustment is gone, the District is only able to use the reserve for its' intended purpose: to pay employees for their unused and accumulated sick days at retirement. The District is currently evaluating other options for this money, including Retirement Reserve Accounts and through contract negotiations. The District expects to resolve this in the 2022-23 fiscal year. The Business Manager, Nickolas Brouillette, will be responsible for the implementation of the corrective action required.

(Continued)

Section II - Financial Statement Findings, Continued

2022-002 Fund Balance

Criteria: New York State Real Property Tax Law requires school districts to maintain their unrestricted fund balance at or below 4 percent of the ensuing year's appropriations.

Condition: The portion of the District's fund balance subject to the New York State Real Property Tax Law limit exceeded the amount allowable.

Context: Last year, the unrestricted fund balance was approximately 11.0%, $4.20 million over the limit. There has been excess fund balance in several of the prior years. The unrestricted fund balance at June 30, 2022 is approximately 22.0%, $11.51 million over the limit.

Effect: Excess funds were not used to for such purposes as increasing legally adopted reserves, paying off debt and/or reducing property taxes.

Cause: The District adopted budgets with appropriations which exceeded the actual amounts needed.

Recommendation: We recommend that the District keep in mind the 4% rule when preparing future budgets.

Management's Response: The District will review the Fund Balance with the Finance Committee and establish a long-term financial plan to comply with NYS Real Property Law Section 1318. The District has worked diligently to reduce the percentage of undesignated funds through establishing new reserves, such as the Capital Reserve(s) and Teachers' Retirement Contribution Reserve. By creating and funding these reserves the District has better prepared itself for the future, as we do not know what State Aid will be from year to year. The District also appropriates a portion of Fund Balance to support the General Fund budget and keep tax levy increases at bay. The District went out with a less than one percent levy increase for the 2018-19 year, zero percent for 2019-20, under two percent for 2020-21, and zero percent for 2021-22 and 2022-23. Additionally, the District transferred $1M to the Capital Fund to reduce the debt requirements for the existing Capital Improvements Project in both the 2020-21 and 2021-22 fiscal years and is budgeted to do so again in 2022-23. The District is evaluating options for an additional Capital Reserve and/or further contributions to the current capital project. The District expects to resolve this in the 2022-23 fiscal year. The Business Manager, Nickolas Brouillette, will be responsible for the implementation of the corrective action required.

Sections III - Federal Award Findings and Questioned Costs

None

MASSENA CENTRAL SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

June 30, 2022

2021-001 Reserves

Status: Not Corrected. See 2022-001

2021-002 Fund Balance

Status: Not Corrected. See 2022-002