

## PRELIMINARY OFFICIAL STATEMENT

### NEW ISSUE

### BOND ANTICIPATION NOTES

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

*The Notes will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.*



# \$14,000,000

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

### JEFFERSON COUNTY, NEW YORK

#### GENERAL OBLIGATIONS

### \$14,000,000 Bond Anticipation Notes, 2025

(the "Notes")

**Dated: July 24, 2025**

**Due: July 24, 2026**

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

The Notes are not subject to redemption prior to maturity. At the option of the purchaser, the Notes will be issued in (i) registered certificated form registered in the name of the purchaser or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of WJ Marquardt PLLC, Bond Counsel, Skaneateles, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon on with the purchaser(s), or about July 24, 2025.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com), on July 9, 2025 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.**

June 25, 2025

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT  
JEFFERSON COUNTY, NEW YORK**

**SCHOOL DISTRICT OFFICIALS**

**2024-2025 BOARD OF EDUCATION**

KELLY MILKOWICH  
President



TIFFANY ORCESI  
Vice President

ALBERT ROMANO JR.  
NATALIE HURLEY  
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\* \* \* \* \*

BRIAN MOORE  
Superintendent of Schools

CHRISTINE WHEELER  
Business Administrator

LISA LEUBNER  
District Clerk

 FERRARA FIORENZA PC  
School District Attorney



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

**MARQUARDT**  
— BOND COUNSEL —  
WJ MARQUARDT PLLC  
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**of the**  
**GENERAL BROWN CENTRAL SCHOOL DISTRICT**  
**JEFFERSON COUNTY, NEW YORK**

**Relating To**  
**\$14,000,000 Bond Anticipation Notes, 2025**

This Official Statement, which includes the cover page and appendices, has been prepared by the General Brown Central School District, Jefferson County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$14,000,000 principal amount of Bond Anticipation Notes, 2025 (the "Notes").

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

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

**NATURE OF OBLIGATION**

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

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

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

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

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

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

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

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

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

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

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

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

## THE NOTES

### Description of the Notes

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

The Notes are dated July 24, 2025 and mature, without option of prior redemption, on July 24, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The Notes will be issued either as (i) registered in the name of the purchaser(s), in denominations of \$5,000 each or multiples thereof, with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

## **No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

## **Purpose of Issue**

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 adopted on November 6, 2023 authorizing a capital project in the amount of \$31,142,000, authorizing the appropriation of \$5,000,000 from capital reserve funds and the issuance of up to \$26,142,000 bonds to pay the costs of reconstruction, renovation and improvements to District buildings and facilities.

The Notes are being issued to provide new money as the first borrowing for the aforementioned project.

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

### **Certificated Notes**

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

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

## THE SCHOOL DISTRICT

### General Information

The District, established in 1956, lies in the Towns of Brownville, Pamela, Hounsfield, Watertown and Lyme, the City of Watertown, and the Villages of Brownville and Dexter. The District is approximately 70 miles north of Syracuse and 30 miles south of the Canadian border and the Thousand Islands.

The District is served by an excellent network of State highways. Bus service is available in the City of Watertown. Air transportation is available at the Watertown and Syracuse Airports.

Water and sewer services are provided in part by the Towns and Villages, as well as by private wells and septic systems. Electricity is provided by National Grid; telephone service by Verizon New York Inc. Police protection is provided by the Villages and supplemented by the County Sheriff's Department and the New York State Police. Fire protection and Ambulance services are provided by various volunteer organizations.

The District provides public education for grades PreK-12. Opportunities for higher education are provided by the many colleges and universities in and around the northern and central New York area.

District residents find all the usual commercial and banking services within the District. Recreational and cultural opportunities are readily available in the City of Watertown and the nearby Thousand Islands area of New York State and Canada.

Source: District officials.

### Population

The current estimated population of the District is 8,768. (Source: 2023 U.S. Census Bureau estimate)

### Larger Employers

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Car Freshener	Manufacturer	375
General Brown Central School District	Public Education	238
Brownville Specialty Paper	Manufacturer	72
Fed Ex (ARC Fewtrny LLC)	Shipping Services	68
FX Caprara	Auto Dealership	50

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
City of:						
Watertown	\$ 20,939	\$ 25,704	\$ 32,174	\$ 46,718	\$ 52,983	\$ 68,565
Towns of:						
Brownville	22,664	30,127	36,759	57,337	76,536	103,041
Hounsfield	28,733	36,960	44,140	71,827	88,623	104,722
Lyme	25,782	21,392	35,323	60,319	71,375	94,107
Pamelia	22,344	33,895	33,110	68,684	87,568	104,750
Watertown	25,159	32,637	34,164	75,481	87,526	79,457
County of:						
Jefferson	21,823	28,120	34,603	51,834	66,711	80,333
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

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

Source: 2006-2010, 2016-2020 and 2019-2023 American Community Survey data.



## Unemployment Rate Statistics

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

	<u>Annual Average</u>						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Jefferson County	5.5%	5.3%	8.4%	5.1%	4.1%	4.4%	4.4%
New York State	4.1%	3.8%	9.8%	7.1%	4.3%	4.1%	4.3%

	<u>2025 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Jefferson County	5.8%	6.0%	5.2%	3.8%	N/A	N/A
New York State	4.6%	4.3%	4.1%	3.6%	N/A	N/A

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

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

## Form of School Government

The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping three-year terms so that, as nearly as possible, an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District. The President and the Vice President are selected by the Board members.

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

## Budgetary Procedures

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

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

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

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

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

## *Recent Budget Vote Results*

The budget for the 2024-25 fiscal year was approved by qualified voters on May 21, 2024 by a vote of 235 to 56. The District's adopted budget for the 2024-25 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 2.32%, which was below the District's tax levy limit of 4.00%.

The budget for the 2025-26 fiscal year was approved by qualified voters on May 20, 2025 by a vote of 379 to 101. The District's adopted budget for the 2025-26 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 3.61%, which was below the District's tax levy limit of 3.61%.

## **Investment Policy**

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by 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) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district or district corporation other than the District; and (6) in the case of the District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible letter of credit or an eligible surety bond, as each such term is defined in the law.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) savings accounts or money market accounts of designated banks, (2) certificates of deposit issued by a bank or trust company located in and authorized to do business in New York State, (3) demand deposit accounts in a bank or trust company located in and authorized to do business in New York State, (4) obligations of New York State, or (5) obligations of the United States Government (U.S. Treasury bill and Notes). In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

## **State Aid**

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2025-26 fiscal year, approximately 64.64% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

In addition to the amount of State aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program.

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.)

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.

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

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

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

#### *Federal Aid Received by the State*

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

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

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

#### *Building Aid*

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-2026 preliminary building aid ratios, the District State Building aid of approximately 84.0% for 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.

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

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

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

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

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.

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 on the following page:

A breakdown of currently anticipated Foundation Aid funding is available below

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

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

## State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2019-2020	\$ 23,511,872	\$ 15,203,669	64.66%
2020-2021	23,819,022	14,761,959	61.98
2021-2022	24,214,938	15,260,707	63.02
2022-2023	25,514,558	15,791,796	61.89
2023-2024	27,479,257	17,234,975	62.72
2024-2025 (Budgeted)	28,000,692	18,167,164	64.88
2025-2026 (Budgeted)	28,730,923	18,571,962	64.64

<sup>(1)</sup> General fund only, does not include inter-fund transfers and use of reserve funds.

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

## District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Glen Park Elementary School	3-6	372	1965, 2011
Dexter Elementary School	PK-2	322	1989, 2010
Junior/Senior High School	7-12	656	1956, 2012

Source: District officials.

## Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2020-21	1,460	2025-26	1,390
2021-22	1,447	2026-27	1,400
2022-23	1,450	2027-28	1,400
2023-24	1,350	2028-29	1,400
2024-25	1,390	2029-30	1,400

Source: District officials.

## Employees

The District employs approximately 238 employees, of which 214 are represented by the following collective bargaining units.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
124	General Brown Teachers' Association - NYSUT	June 30, 2027
84	General Brown Related Union – NYSUT	June 30, 2030
6	General Brown Administrators' Association	June 30, 2026

Source: District officials.

## Status and Financing of Employee Pension Benefits

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

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

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

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

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

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$ 318,858	\$ 764,695
2020-2021	320,098	715,160
2021-2022	364,634	667,053
2022-2023	285,557	866,477
2023-2024	379,843	988,708
2024-2025 (Unaudited Actual)	474,849	992,120
2025-2026 (Budgeted)	560,000	975,000

Source: District records.

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

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

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

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

\*Estimated.

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

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

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

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

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

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

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



fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such reserve fund for the purpose of funding the cost of TRS contributions.

## Other Post Employee Benefits

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

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

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

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

Summary of Changes from the Last Valuation. The District contracted with an actuarial firm to calculate its first actuarial valuation under GASB 75. The table on the following page outlines the changes to the Total OPEB Liability during the fiscal years ending June 30, 2023 and June 30, 2024, by source.

	Balance beginning at July 1:	2022	2023
		\$ 89,367,511	\$ 66,368,974
<u>Changes for the year:</u>			
Service cost		1,618,722	1,644,059
Interest on total OPEB liability		3,337,109	2,619,907
Changes in Benefit Terms		-	-
Differences between expected and actual experience		-	-
Changes in Assumptions or other inputs		(26,254,280)	(5,163,163)
Benefit payments		(1,700,088)	(1,742,596)
Net Changes		\$ (22,998,537)	\$ (2,641,793)
	Balance ending at June 30:	2023	2024
		\$ 66,368,974	\$ 63,727,181

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

The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the District's audited financial statements for the fiscal years ending June 30, 2023 and June 30, 2024.

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

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

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

## **Other Information**

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

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

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

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

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

## **Financial Statements**

The District retains independent Certified Public Accountants. The last audit report covers the period ended June 30, 2024 and is attached hereto as “APPENDIX – D”. In addition, 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. 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 Districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (“GAAFR”), published by the Governmental Accounting Standards Board (GASB).

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

## **New York State Comptroller Report of Examination**

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

There are no recent Office of the 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.

## **The State Comptroller’s Fiscal Stress Monitoring System**

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

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

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

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

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

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

## TAX INFORMATION

### Taxable Assessed Valuations

<u>Year of Assessment Roll:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>

### Taxable Assessed Valuation

City of: Watertown	\$ 3,406,095	\$ 5,303,806	\$ 7,201,413	\$ 9,099,056	\$ 5,835,622
Towns of: Brownville	469,088,363	475,128,274	479,245,308	484,929,547	485,976,233
Pamelia	138,574,014	139,152,199	141,560,605	293,805,351	306,980,202 <sup>(1)</sup>
Hounsfield	28,646,714	28,711,596	29,876,695	40,502,567	41,462,577 <sup>(1)</sup>
Watertown	30,655,195	30,327,160	30,739,364	35,870,810	36,063,352
Lyme	6,633,712	6,643,855	6,616,406	6,693,865	6,816,096 <sup>(1)</sup>
<b>Total Assessed Valuation</b>	<b>\$ 677,004,093</b>	<b>\$ 685,266,890</b>	<b>\$ 695,239,791</b>	<b>\$ 870,901,196</b>	<b>\$ 883,134,082</b>

### State Equalization Rates

City of: Watertown	92.00%	92.00%	88.00%	83.00%	80.00%
Towns of: Brownville	100.00%	100.00%	90.00%	80.00%	80.00%
Pamelia	57.00%	55.00%	51.00%	100.00%	96.00% <sup>(1)</sup>
Hounsfield	93.00%	100.00%	84.00%	100.00%	91.00% <sup>(1)</sup>
Watertown	62.00%	57.50%	61.00%	51.00%	48.00%
Lyme	100.00%	99.00%	94.00%	82.70%	76.00% <sup>(1)</sup>
<b>Total Full Valuation</b>	<b>\$ 802,783,439</b>	<b>\$ 822,062,726</b>	<b>\$ 911,246,648</b>	<b>\$ 1,029,861,645</b>	<b>\$ 1,064,199,665</b>

<sup>(1)</sup> significant change due to revaluation.

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

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City of:					
Watertown	\$ 11.22	\$ 11.33	\$ 11.08	\$ 10.75	\$ 11.05
Town of:					
Brownville	10.32	10.42	10.84	11.15	11.05
Pamelia	18.11	18.95	19.12	8.92	9.21 <sup>(1)</sup>
Hounsfield	11.10	11.20	11.61	8.92	9.71 <sup>(1)</sup>
Watertown	16.38	18.39	15.99	17.49	18.41
Lyme	10.32	10.52	10.38	10.79	11.63 <sup>(1)</sup>

<sup>(1)</sup> significant change due to revaluation.

## Tax Collection Procedure

Taxes are payable during September. If paid by October 3rd, no penalty is imposed. There is a 2% penalty if paid by October 31st. The second and third installments are paid to Jefferson County with a 3% penalty.

On November 10<sup>th</sup>, a list of all unpaid taxes is given to the County for re-levy on County/Town tax rolls. The District is reimbursed by the County for all unpaid taxes for the first week of April in each year and is thus assured 100% collection of its annual levy.

## Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Tax Levy	\$ 8,280,646	\$ 8,599,810	\$ 8,887,222	\$ 9,188,261	\$ 9,404,683
Amount Uncollected <sup>(1)</sup>	327,765	336,340	594,662	733,619	354,173.19
% Uncollected	3.96%	3.91%	6.69%	7.98%	3.77%

<sup>(1)</sup> The School District is assured 100% collections. See "Tax Collections Procedure" herein.

Source: District officials.

## Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Property Tax Levy &amp; Other Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2019-2020	\$ 23,511,872	\$ 7,931,739	33.74%
2020-2021	23,819,022	8,362,252	35.11
2021-2022	24,214,938	8,699,199	35.92
2022-2023	25,514,558	9,009,087	35.31
2023-2024	27,479,257	9,229,912	33.59
2024-2025 (Budgeted)	28,000,692	9,510,728	33.97
2025-2026 (Budgeted)	28,730,923	9,764,461	33.99

<sup>(1)</sup> General fund only, does not include inter-fund transfers and use of reserve funds.

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

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

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
NorthBrook New York LLC	Utilities	\$ 39,305,600
National Grid	Utilities	32,332,939
Loves	Retail	11,830,000
BL-Watertown LLC	Manufacturing	7,100,000
Car Freshner Corp	Commercial	6,119,200
ARC FEWTRNY001 LLC	Retail	4,909,500
BT NEWYO LLC	Utilities	3,959,000
Hydro Development Ground INC	Utilities	3,896,900
KO Storage of Watertown	Warehousing/Manufacturing	3,800,000
Jefferson Concrete	Manufacturing	3,106,000

The ten larger taxpayers listed above have a total taxable full valuation of \$116,359,139, which represents 11.03% of the tax base of the District for the 2024-25 fiscal year.

The District experiences the impact of tax certiorari filings on a regular basis 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 to have a material impact on the District's finances.

Source: District Tax Rolls.

## STAR – School Tax Exemption

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

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

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

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

<u>Municipality</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
<u>City of:</u>			
Watertown	\$ 68,880	\$ 24,000	11/20/2024
<u>Towns of:</u>			
Brownville	\$ 68,880	\$ 24,000	4/10/2025
Hounsfield	78,350	28,080	4/10/2025
Lyme	65,440	22,800	4/10/2025
Pamelia	82,660	28,800	4/10/2025
Watertown	41,330	14,500	4/10/2025

\$613,570 of the District’s \$9,404,683 school tax levy for the 2024-25 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2025.

Approximately \$645,000 of the District’s \$9,741,327 school tax levy for the 2025-26 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 2026.

## Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-60%, Industrial-20%, Commercial-10%, and Agricultural-10%.

The estimated total annual property tax bill of a \$100,000 average market value residential property located in the District is approximately \$1,105, including County, Town, School District and Fire District Taxes.

## TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

## **STATUS OF INDEBTEDNESS**

### **Constitutional Requirements**

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

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

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

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

## **Statutory Procedure**

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

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

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

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

- (1) Such obligations are authorized for a purpose for which the 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 Board of Education, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

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

## **Debt Outstanding End of Fiscal Year**

<u>Fiscal Years Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds <sup>(1)</sup>	\$ 5,755,000	\$ 12,725,000	\$ 10,810,000	\$ 9,320,000	\$ 7,810,000
Bond Anticipation Notes	7,760,000	0	0	0	0
Energy Performance Contracts <sup>(2)</sup>	<u>1,601,551</u>	<u>1,485,603</u>	<u>1,366,731</u>	<u>1,244,861</u>	<u>1,119,918</u>
Total Debt Outstanding	<u>\$ 15,116,551</u>	<u>\$ 14,210,603</u>	<u>\$ 12,176,731</u>	<u>\$ 10,564,861</u>	<u>\$ 8,929,918</u>

<sup>(1)</sup> Does not include refunded bonds outstanding at the end of the respective fiscal year, where applicable.

<sup>(2)</sup> See "Energy Performance Contract Leases" herein

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 25, 2025.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2037	\$ 6,270,000
<u>Bond Anticipation Notes</u>	-	<u>0</u>
Total Indebtedness		<u>\$ 6,270,000</u>

## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 25, 2025:

Full Valuation of Taxable Real Property .....	\$ 1,064,199,665
Debt Limit 10% thereof .....	106,419,966

### Inclusions:

Bonds.....	\$ 6,270,000
Bond Anticipation Notes (BANs):.....	<u>-</u>
Total Inclusions prior to issuance of the Notes .....	<u>6,270,000</u>
Less: BANs being redeemed from appropriations .....	-
Add: New money proceeds of the Notes .....	<u>14,000,000</u>
Total Net Inclusions after issuance of the Notes .....	<u>\$ 20,270,000</u>

### Exclusions:

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

Total Net Indebtedness <u>after issuance of the Notes</u> .....	<u>\$ 20,270,000</u>
Net Debt-Contracting Margin .....	<u>\$ 86,149,966</u>
The percent of debt contracting power exhausted is .....	19.05%

- <sup>(1)</sup> Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 84.3% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

## Bonded Debt Service

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

## Capital Project Plans

On October 11, 2023 the District voters approved a capital project in the amount of \$31,142,000, with \$5,000,000 to be funded through the use of capital reserves, and the remaining \$26,142,000 to be funded through the issuance of bond anticipation notes and/or serial bonds. The Notes are being issued as the first borrowing for the aforementioned project. Future borrowings will be pursuant to approval from the State Education Department and as the project’s cash flow needs warrant.

The District does not have any additional authorizations or unissued debt for capital or other purposes at this time.



## Cash Flow Borrowing

The District historically does not issue tax anticipation notes and has not issued revenue anticipation notes since the 2014-2015 fiscal year. The District does not reasonably expect to issue such notes in the foreseeable future.

## Energy Performance Contract

On August 25, 2016, the District entered into an Energy Performance Contract (“EPC”) with Key Government Finance, Inc., in the amount of \$1,906,085 at an interest rate of 2.522%. The District will make semi-annual principal payments through 2032, with the option to prepay at any time. The energy savings along with the building aid are expected to offset the lease payments.

The following is a summary of the payments for the current and future fiscal years:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 128,094	\$ 26,629
2026	131,325	23,358
2027	134,637	20,004
2028-2032	<u>725,862</u>	<u>46,677</u>
TOTAL	<u>\$ 1,119,918</u>	<u>\$ 116,668</u>

Energy performance contracts (leases) do not constitute debt for Local Finance Law purposes; however, they are included for purposes of calculating the debt limit of the District.

Source: District records. See also the audited financial statements of the District attached hereto as “APPENDIX – C”.

## Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Jefferson	6/28/2024 <sup>(3)</sup>	\$ 13,900,000	\$ 610,000	\$ 13,290,000	9.80%	\$ 1,302,420
City of:						
Watertown	12/15/2024 <sup>(3)</sup>	27,955,060	13,783,145	14,171,915	0.47%	66,608
Town of:						
Brownville	12/31/2023 <sup>(4)</sup>	2,449,970	- <sup>(5)</sup>	2,449,970	97.88%	2,398,031
Hounsfield	12/31/2023 <sup>(4)</sup>	6,711,660	- <sup>(5)</sup>	6,711,660	7.97%	534,919
Lyme	12/31/2023 <sup>(4)</sup>	562,000	- <sup>(5)</sup>	562,000	1.63%	9,161
Pamelia	5/16/2025 <sup>(3)</sup>	16,670,865	16,374,845	296,020	86.26%	255,347
Watertown	3/21/2025 <sup>(4)</sup>	8,365,000	4,020,000 <sup>(5)</sup>	4,345,000	9.92%	431,024
Village of:						
Brownville	5/31/2023 <sup>(4)</sup>	-	- <sup>(5)</sup>	-	100.00%	-
Dexter	5/31/2023 <sup>(4)</sup>	2,870,305	- <sup>(5)</sup>	2,870,305	100.00%	2,870,305
Total:						<u>\$ 7,867,814</u>

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

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

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

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

(5) Information regarding excludable debt not available.

## Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 25, 2025:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 20,270,000	\$ 2,311.82	1.90%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	28,137,814	3,209.15	2.64

(a) The current estimated population of the District is 8,768. (See "THE SCHOOL DISTRICT – Population" herein.)

(b) The District's full value of taxable real estate for the 2024-2025 fiscal year is \$1,064,199,665. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

(d) Estimated net overlapping indebtedness is \$7,867,814. (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.

## **MARKET AND RISK FACTORS**

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

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State or in other jurisdictions of 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 in other jurisdictions of the country or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

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

There are a number of general factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the District. Unforeseen developments could also result in substantial increases in District expenditures, thus placing strain on the District's financial condition. These factors may have an effect on the market price of the Notes.

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. Accordingly, a decline in the District's credit rating could adversely affect the market value of the Notes.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

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.

## **Recent Executive Orders**

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

## **TAX MATTERS**

In the opinion of WJ Marquardt PLLC, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, under existing statutes, interest on the Notes is exempt from personal income taxes of

New York State and its political subdivisions, including the City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. The proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E.”

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

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

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

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

## **LEGAL MATTERS**

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

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

## **LITIGATION**

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

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

## **CONTINUING DISCLOSURE**

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

### **Historical Compliance**

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

## **MUNICIPAL ADVISOR**

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

## **CUSIP IDENTIFICATION NUMBERS**

If the Notes are issued in registered book-entry form, 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, that the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **RATING**

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

Moody's Investors Service ("Moody's") has assigned its underlying rating of "A1" to the District's outstanding bonds. The rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's, 7 World Trade Center, 250 Greenwich St., New York, New York 10007. Phone: (212) 553-0038, Fax: (212) 553-1390.

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

## **MISCELLANEOUS**

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

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic

performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

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

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

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

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

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

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The District's contact information is as follows: Ms. Christine Wheeler, School Business Administrator, 17643 Cemetery Road, Dexter, New York 13634 telephone (315) 779-2300, email [cwheeler@gblions.org](mailto:cwheeler@gblions.org).

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

#### **GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**Dated: June 25, 2025**

\_\_\_\_\_  
/s/  
**PRESIDENT OF THE BOARD OF EDUCATION AND  
CHIEF FISCAL OFFICER**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending June 30:	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2024</b></u>
<b><u>ASSETS</u></b>					
Unrestricted Cash	\$ 3,164,492	\$ 4,211,109	\$ 3,751,005	\$ 3,838,931	\$ 3,494,303
Restricted Cash	3,791,190	5,130,803	6,567,083	7,733,506	4,215,303
Lease Receivable	-	-	351,999	341,298	330,475
State and Federal Aid Receivable	403,997	314,550	221,220	212,621	261,121
Due from Other Funds	327,734	346,031	1,448,284	702,753	967,274
Due from Other Governments	1,406,277	556,196	559,425	1,095,196	1,201,407
Other Receivables	10,828	38,806	24,039	48,612	23,343
Prepaid Expenditures	13,802	13,802	13,802	-	-
<b>TOTAL ASSETS</b>	<u><b>\$ 9,118,320</b></u>	<u><b>\$ 10,611,297</b></u>	<u><b>\$ 12,936,857</b></u>	<u><b>\$ 13,972,917</b></u>	<u><b>\$ 10,493,226</b></u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accounts Payable	\$ 532,053	\$ 175,233	\$ 140,791	\$ 547,903	\$ 134,751
Accrued Liabilities	42,089	160,280	157,328	192,201	189,861
Due to Other Governments	-	-	-	-	-
Compensated Absences Payable	278,269	7,898	103,295	16,270	30,780
Due to Other Funds	137,500	-	-	-	-
Due to Teachers' Retirement System	715,161	775,355	866,765	988,708	992,121
Due to Employees' Retirement System	114,595	109,565	146,063	120,830	153,584
Deferred Inflow of Resources - Lease	-	-	347,566	332,566	317,566
Deferred State Aid	362,054	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u><b>\$ 2,181,721</b></u>	<u><b>\$ 1,228,331</b></u>	<u><b>\$ 1,761,808</b></u>	<u><b>\$ 2,198,478</b></u>	<u><b>\$ 1,818,663</b></u>
<b><u>FUND EQUITY</u></b>					
Nonspendable:	\$ 13,802	\$ 13,802	\$ 13,802	\$ -	\$ -
Restricted:	3,791,190	5,130,803	6,567,083	7,733,506	4,215,303
Assigned:	1,010,918	1,265,934	1,760,257	1,247,155	1,225,081
Unassigned:	2,120,689	2,972,427	2,833,907	2,793,778	3,234,179
<b>TOTAL FUND EQUITY</b>	<u><b>\$ 6,936,599</b></u>	<u><b>\$ 9,382,966</b></u>	<u><b>\$ 11,175,049</b></u>	<u><b>\$ 11,774,439</b></u>	<u><b>\$ 8,674,563</b></u>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u><b>\$ 9,118,320</b></u>	<u><b>\$ 10,611,297</b></u>	<u><b>\$ 12,936,857</b></u>	<u><b>\$ 13,972,917</b></u>	<u><b>\$ 10,493,226</b></u>



**GENERAL FUND**

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

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b><u>REVENUES</u></b>					
Real Property Taxes	\$ 6,993,271	\$ 7,096,795	\$ 7,552,067	\$ 7,892,006	\$ 8,213,697
Other Tax Items	894,540	834,944	810,185	807,193	795,390
Charges for Services	49,122	32,454	40,766	21,733	14,601
Use of Money & Property	106,227	54,508	29,078	62,310	352,342
Sale of Property and					
Compensation for Loss	19,484	23,371	11,765	9,788	19,861
Miscellaneous	302,973	210,631	223,627	144,034	265,910
Revenues from State Sources	13,698,143	15,203,669	14,761,959	15,260,707	15,791,796
Revenues from Federal Sources	189,551	55,500	389,575	17,167	60,961
Total Revenues	<u>\$ 22,253,311</u>	<u>\$ 23,511,872</u>	<u>\$ 23,819,022</u>	<u>\$ 24,214,938</u>	<u>\$ 25,514,558</u>
Other Sources:					
Operating Transfers In	<u>8,000</u>	<u>10,000</u>	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Total Revenues and Other Sources	<u>\$ 22,261,311</u>	<u>\$ 23,521,872</u>	<u>\$ 23,819,022</u>	<u>\$ 24,222,938</u>	<u>\$ 25,522,558</u>
<b><u>EXPENDITURES</u></b>					
General Support	\$ 2,241,161	\$ 3,580,639	\$ 2,397,686	\$ 2,515,654	\$ 2,901,555
Instruction	11,532,092	11,355,491	10,997,762	11,280,812	12,737,903
Pupil Transportation	1,017,799	979,286	906,572	1,120,727	1,148,675
Community Services	-	-	-	-	-
Employee Benefits	5,116,137	5,181,485	5,235,226	5,109,473	5,714,798
Debt Service	1,237,304	1,491,287	1,620,215	1,881,386	1,882,144
Total Expenditures	<u>\$ 21,144,493</u>	<u>\$ 22,588,188</u>	<u>\$ 21,157,461</u>	<u>\$ 21,908,052</u>	<u>\$ 24,385,075</u>
Other Uses:					
Operating Transfers Out	<u>439,985</u>	<u>482,592</u>	<u>485,565</u>	<u>522,803</u>	<u>538,093</u>
Total Expenditures and Other Uses	<u>\$ 21,584,478</u>	<u>\$ 23,070,780</u>	<u>\$ 21,643,026</u>	<u>\$ 22,430,855</u>	<u>\$ 24,923,168</u>
Excess (Deficit) Revenues Over Expenditures	<u>676,833</u>	<u>451,092</u>	<u>2,175,996</u>	<u>1,792,083</u>	<u>599,390</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	5,808,674	6,485,507	7,206,970 <sup>(1)</sup>	9,382,966	11,175,049
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 6,485,507</u>	<u>\$ 6,936,599</u>	<u>\$ 9,382,966</u>	<u>\$ 11,175,049</u>	<u>\$ 11,774,439</u>

<sup>(1)</sup> Beginning of Year, As Restated

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

**GENERAL FUND**

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

Fiscal Years Ending June 30:	<b>2024</b>			<b>2025</b>	<b>2026</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
<b><u>REVENUES</u></b>					
Real Property Taxes	\$ 9,188,261	\$ 9,188,261	\$ 8,444,684	\$ 9,404,683	\$ 9,764,461
Other Tax Items	88,742	88,742	785,228	106,045	-
Charges for Services	4,100	4,100	71,674	3,000	-
Use of Money & Property	57,000	57,000	555,044	156,000	-
Sale of Property and Compensation for Loss	1,800	1,800	39,954	3,800	-
Miscellaneous	127,000	127,000	249,278	122,000	321,500
Revenues from State Sources	17,196,557	17,196,557	17,234,975	18,167,164	18,571,962
Revenues from Federal Sources	35,000	35,000	98,420	38,000	73,000
Total Revenues	<u>\$ 26,698,460</u>	<u>\$ 26,698,460</u>	<u>\$ 27,479,257</u>	<u>\$ 28,000,692</u>	<u>\$ 28,730,923</u>
Other Sources:					
Operating Transfers In	<u>8,000</u>	<u>18,000</u>	<u>-</u>	<u>8,000</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 26,706,460</u>	<u>\$ 26,716,460</u>	<u>\$ 27,479,257</u>	<u>\$ 28,008,692</u>	<u>\$ 28,730,923</u>
<b><u>EXPENDITURES</u></b>					
General Support	\$ 3,521,400	\$ 3,429,458	\$ 2,743,885	\$ 3,407,854	\$ 3,397,278
Instruction	14,251,735	14,090,241	13,090,133	14,992,703	15,685,590
Pupil Transportation	1,400,200	1,401,511	1,139,971	1,419,868	1,577,240
Community Services	-	-	-	-	-
Employee Benefits	6,135,000	6,374,660	5,972,339	6,770,431	7,577,230
Debt Service	1,843,125	1,902,745	1,902,745	1,847,836	1,314,445
Total Expenditures	<u>\$ 27,151,460</u>	<u>\$ 27,198,615</u>	<u>\$ 24,849,073</u>	<u>\$ 28,438,692</u>	<u>\$ 29,551,783</u>
Other Uses:					
Operating Transfers Out	<u>765,000</u>	<u>5,765,000</u>	<u>5,730,060</u>	<u>770,000</u>	<u>721,000</u>
Total Expenditures and Other Uses	<u>\$ 27,916,460</u>	<u>\$ 32,963,615</u>	<u>\$ 30,579,133</u>	<u>\$ 29,208,692</u>	<u>\$ 30,272,783</u>
Excess (Deficit) Revenues Over Expenditures	<u>(1,210,000)</u>	<u>(6,247,155)</u>	<u>(3,099,876)</u>	<u>(1,200,000)</u>	<u>(1,541,860)</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	1,210,000	6,247,155	11,774,439	1,200,000	1,541,860
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,674,563</u>	<u>\$ -</u>	<u>\$ -</u>

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

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	\$ 1,540,000	\$ 153,113	\$ 1,693,113
2026	1,035,000	124,763	1,159,763
2027	780,000	105,338	885,338
2028	535,000	89,100	624,100
2029	545,000	78,400	623,400
2030	560,000	67,500	627,500
2031	570,000	56,300	626,300
2032	580,000	44,900	624,900
2033	590,000	33,300	623,300
2034	605,000	21,500	626,500
2035	235,000	9,400	244,400
2036	235,000	4,700	239,700
TOTALS	\$ 7,810,000	\$ 788,313	\$ 8,598,313

Note: The above chart does not include outstanding energy performance contract indebtedness of the District.

**APPENDIX - B1**  
**General Brown CSD**

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending June 30th	2016			2021		
	Refunding of 2011 Serial Bonds			Serial Bond		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 1,040,000	\$ 39,538	\$ 1,079,538	\$ 500,000	\$ 113,575	\$ 613,575
2026	520,000	17,438	537,438	515,000	107,325	622,325
2027	255,000	5,738	260,738	525,000	99,600	624,600
2028	-	-	-	535,000	89,100	624,100
2029	-	-	-	545,000	78,400	623,400
2030	-	-	-	560,000	67,500	627,500
2031	-	-	-	570,000	56,300	626,300
2032	-	-	-	580,000	44,900	624,900
2033	-	-	-	590,000	33,300	623,300
2034	-	-	-	605,000	21,500	626,500
2035	-	-	-	235,000	9,400	244,400
2036	-	-	-	235,000	4,700	239,700
TOTALS	\$ 1,815,000	\$ 62,713	\$ 1,877,713	\$ 5,995,000	\$ 725,600	\$ 6,720,600

Fiscal Year Ending June 30th	2016		
	Energy Performance Contract <sup>(1)</sup>		
	Principal	Interest	Total
2025	\$ 128,094	\$ 26,629	\$ 154,723
2026	131,325	23,358	154,683
2027	134,637	20,004	154,641
2028	138,032	16,566	154,598
2029	141,513	13,041	154,554
2030	145,083	9,427	154,510
2031	148,741	5,722	154,463
2032	152,493	1,923	154,416
TOTALS	\$ 1,119,918	\$ 116,668	\$ 1,236,586

<sup>(1)</sup> Energy performance contracts (leases) do not constitute general obligation debt for Local Finance Law purposes; however, they are included for purposes of calculating the debt limit of the District.

## MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

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

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT  
JEFFERSON COUNTY, NEW YORK**

**FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2024**

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

**G**ENERAL BROWN CENTRAL  
SCHOOL DISTRICT

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***FINANCIAL STATEMENTS***

June 30, 2024





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## **INDEPENDENT AUDITOR'S REPORT**

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### **TO THE BOARD OF EDUCATION GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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

##### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of General Brown Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 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 General Brown Central School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### **Basis for Opinions**

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

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of General Brown Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about General Brown Central School District's ability to continue as a going concern for a reasonable period of time.

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

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-23), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 84), Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (pages 85-86), Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 87), and Schedule of District's Contributions - NYSLRS Pension Plan (page 88) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

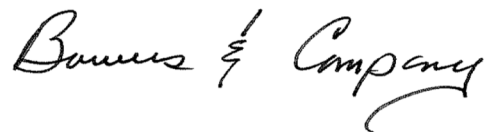
## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the General Brown Central School District's basic financial statements. The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 89-95) and Schedule of Expenditures of Federal Awards (pages 102-103), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 89-95) and the Schedule of Expenditures of Federal Awards (pages 102-103) 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 2, 2024 on our consideration of the General Brown Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the General Brown Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering General Brown Central School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bowens & Company". The signature is written in black ink and is positioned to the right of the date and location text.

Watertown, New York  
October 2, 2024

## **GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2024

The following is a discussion and analysis of General Brown Central School District's financial performance for the fiscal year ended June 30, 2024. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. 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.

### **FINANCIAL HIGHLIGHTS**

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The School District's purpose is to educate all students to high levels of academic performance while fostering positive growth in social/emotional behaviors and attitudes. The board of education is the governing body elected by the residents of the School District. Their mission is to maintain certain standards in excellence set by the New York State Board of Regents. This has to be accomplished with the least economic impact to the local taxpayer. The following financial highlights are the School District's attempt at completing this mission.

For the year ending June 30, 2024 total revenues of \$31,113,061 were \$1,705,084 more than the \$29,407,977 in expenses. This change in net position of \$1,705,084 decreased the Net Position (Deficit) at the beginning of the year of (\$39,986,930) to an ending Net Position Deficit of (\$38,281,846) at June 30, 2024. The School District's portion of Unrestricted Net Position designated to reduce real estate taxes in 2024-2025, is \$1,200,000.

The total property assessment for the District in the 2023-2024 school year was \$883,132,582, which was an increase of \$187,892,791 from the previous year. That increase was due to increased assessments primarily due to property revaluations conducted in the Town of Pamela and Town of Hounsfield.

The School District employs approximately 235 full and part time employees. The Teachers' Union has a collective bargaining agreement in place until June 30, 2027. The School Related Professionals' Union's collective bargaining agreement is in place until June 30, 2025. The Administrator's Union has a collective bargaining agreement in effect until June 30, 2026.

The increase in total enrollment for the 2023-2024 academic year, which rose by 16 students to 1,364, can be attributed to a few key factors. Notably, several students who had previously attended parochial schools have returned to the district, contributing to the rise in numbers. Additionally, a number of homeschooled students have re-enrolled in district schools, likely influenced by evolving educational needs or the desire to benefit from the district's academic and extracurricular offerings. These shifts have collectively contributed to the overall growth in student enrollment for the year.



## GENERAL BROWN CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### FINANCIAL HIGHLIGHTS - Continued

The District has consistently upheld the rigorous standards established by the New York State Education Department in the assessment of student proficiency in key core subjects set by the State Education Department throughout the academic year ending on June 30, 2024. Furthermore, the Board of Education has demonstrated a steadfast commitment to educational excellence by approving an enhanced Strategic Action Plan on September 11, 2023, with a strategic focus on elevating academic achievement, making deliberate investments in the learning process, nurturing a positive school culture, and fostering community engagement.

The District has established several Reserve Funds to provide protection against foreseeable obligations and unforeseeable expenses. At June 30, 2024, the balances are as follows:

	<b>Additions/Subtractions - not including interest (2023-2024 fiscal year)</b>	<b>Balance June 30, 2024</b>
Unemployment Reserve	\$ -	\$ 265,305
Retirement Reserve - NYSERS	\$ 150,000	\$ 1,688,673
Retirement Reserve - NYSTRS	\$ 100,000	\$ 655,480
Workers Compensation Reserve	\$ -	\$ 302,974
Insurance Reserve for Property Loss	\$ 349,321	\$ 349,321
Employee Benefits Accrued Liability Reserve	\$ -	\$ 217,088
Capital Reserve	\$ (4,350,000)	\$ 736,462

#### 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 *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.

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**


June 30, 2024

**OVERVIEW OF FINANCIAL STATEMENTS - Continued**

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The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information (pages 84-88) that further explains and supports the financial statements. Page 85-86 shows a comparison of the School District's budget and actual for the year. Beginning on page 96 is the federal award program information.

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.

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

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### OVERVIEW OF FINANCIAL STATEMENTS – Continued

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##### District-Wide Statements

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

The two district-wide statements report the School District's *net position* and how they have changed. Net position, the difference between the School District's assets and 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 position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional 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 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).

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### OVERVIEW OF FINANCIAL STATEMENTS – Continued

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##### Fund Financial Statements – Continued

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.
- 2) Fiduciary Funds: The School District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and property taxes collected on behalf of other governments. 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

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Net position may serve over time as a useful indicator of a government's financial condition. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$38,281,846 at the close of the most recent fiscal year. This represents a \$1,705,084 increase in the statement of net position for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2024, the OPEB liability was \$63,727,181 compared to \$66,368,974 reported at the close of the prior fiscal year. The overall increase in net position in the current fiscal year is largely due to the positive change in fund balance within the funds, while current year change in pension and OPEB amounts were offset by debt payments made on long-term liabilities.

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2024

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

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The following schedule summarizes, on a comparison basis, the School District's net position. The complete Statement of Net Position for fiscal year 2023-2024 can be found in the School District's basic financial statements.

**Condensed Statement of Net Position  
Fiscal Years 2023-2024 and 2022-2023**

	2023-2024	2022-2023	Variance
<b>Assets</b>			
Current and Other Assets	\$ 16,118,130	\$ 14,735,936	\$ 1,382,194
Capital Assets, Net	33,379,830	33,785,553	(405,723)
<b>Total Assets</b>	<u>\$ 49,497,960</u>	<u>\$ 48,521,489</u>	<u>\$ 976,471</u>
<b>Deferred Outflow of Resources</b>			
Other Postemployment Benefits	\$ 11,140,684	\$ 13,770,437	\$ (2,629,753)
Pensions	4,876,291	5,886,408	(1,010,117)
Deferred Charge of Bond Refunding	139,735	186,313	(46,578)
<b>Total Deferred Outflow of Resources</b>	<u>\$ 16,156,710</u>	<u>\$ 19,843,158</u>	<u>\$ (3,686,448)</u>
<b>Liabilities</b>			
Current Liabilities	\$ 1,829,513	\$ 1,995,481	\$ (165,968)
Long-Term Liabilities	73,356,208	77,535,032	(4,178,824)
Net Pension Liability - Proportionate Share	1,845,324	2,557,412	(712,088)
<b>Total Liabilities</b>	<u>\$ 77,031,045</u>	<u>\$ 82,087,925</u>	<u>\$ (5,056,880)</u>
<b>Deferred Inflow of Resources</b>			
Leases	\$ 317,566	\$ 332,566	\$ (15,000)
Other Postemployment Benefits	25,488,213	25,345,538	142,675
Pensions	1,099,692	585,548	514,144
<b>Total Deferred Inflow of Resources</b>	<u>\$ 26,905,471</u>	<u>\$ 26,263,652</u>	<u>\$ 641,819</u>
<b>Net Position</b>			
Investment in Capital Assets, Net of Related Debt	\$ 24,298,482	\$ 23,063,784	\$ 1,234,698
Restricted	9,444,884	8,318,987	1,125,897
Unrestricted (Deficit)	(72,025,212)	(71,369,701)	(655,511)
<b>Total Net Position</b>	<u>\$ (38,281,846)</u>	<u>\$ (39,986,930)</u>	<u>\$ 1,705,084</u>

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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

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In summary, 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 at June 30, 2024 consist primarily of cash equivalents of \$13,476,041 and State, Federal, and BOCES aid receivable of \$2,262,289. Other assets include the lease receivable specific to the cell tower lease.

In addition to assets, the *Statement of Net Position* reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Included in deferred outflows of resources in the current year is \$4,876,291 related to the District's participation in the NYS TRS and ERS pension systems, \$11,140,684 related to the District's OPEB Plan, and \$139,735 for a deferred charge on bond refunding.

Current liabilities consist of accrued liabilities totaling \$196,983 and accounts payable of \$472,263. \$992,121 was accrued for Teachers' Retirement System payments to be paid in September, October, and November of 2024. The Employees' Retirement System accrual is \$153,584. This accrual will be part of the ERS payment due in February 2025. The current portion of the long-term liabilities totals \$1,803,106 while the long-term liabilities due and payable beyond one-year totals \$73,398,426. The current portion includes compensated absences of \$30,780. Compensated absences payable and other postemployment benefits payable beyond one-year totals \$63,940,638. The total liabilities decreased by \$5,056,880, primarily as a result of the decrease in OPEB liability and bonds payable.

In addition to liabilities, the *Statement of Net Position* or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is \$1,099,692 related to the District's participation in the NYS TRS and ERS pension systems, \$25,488,213 related to the District's OPEB Plan, and \$317,566 related to leases with future payments to be collected.

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

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2024

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

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The Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid which support the net cost of the School District's programs. The following schedule summarizes, on a comparison basis, the School District's activities. The complete Statement of Activities for fiscal year 2023-2024 can be found in the School District's basic financial statements.

**Condensed Statement of Activities  
Fiscal Years 2023-2024 and 2022-2023**

	2023-2024	2022-2023	Variance
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 181,916	\$ 233,073	\$ (51,157)
Operating Grants	3,185,399	3,309,972	(124,573)
General Revenues			
Property and Other Tax Items	9,229,912	9,009,087	220,825
Use of Money and Property	763,891	353,589	410,302
Sale of Property and Compensation for Loss	39,954	19,861	20,093
Gain (Loss) on Disposal of Capital Assets	369	(16,397)	16,766
Miscellaneous	378,225	402,901	(24,676)
State Sources	17,234,975	15,791,796	1,443,179
Federal Sources	98,420	60,961	37,459
Total Revenues	<u>31,113,061</u>	<u>29,164,843</u>	<u>1,948,218</u>
<b>Expenses</b>			
General Support	3,720,208	4,008,972	(288,764)
Instruction	22,052,288	21,765,595	286,693
Pupil Transportation	2,172,332	2,154,477	17,855
Debt Service - Interest	204,600	228,714	(24,114)
School Food Service - Cost of Food Sales	1,258,549	983,114	275,435
Total Expenses	<u>29,407,977</u>	<u>29,140,872</u>	<u>267,105</u>
<b>Change in Net Position</b>	<u><u>\$ 1,705,084</u></u>	<u><u>\$ 23,971</u></u>	<u><u>\$ 1,681,113</u></u>

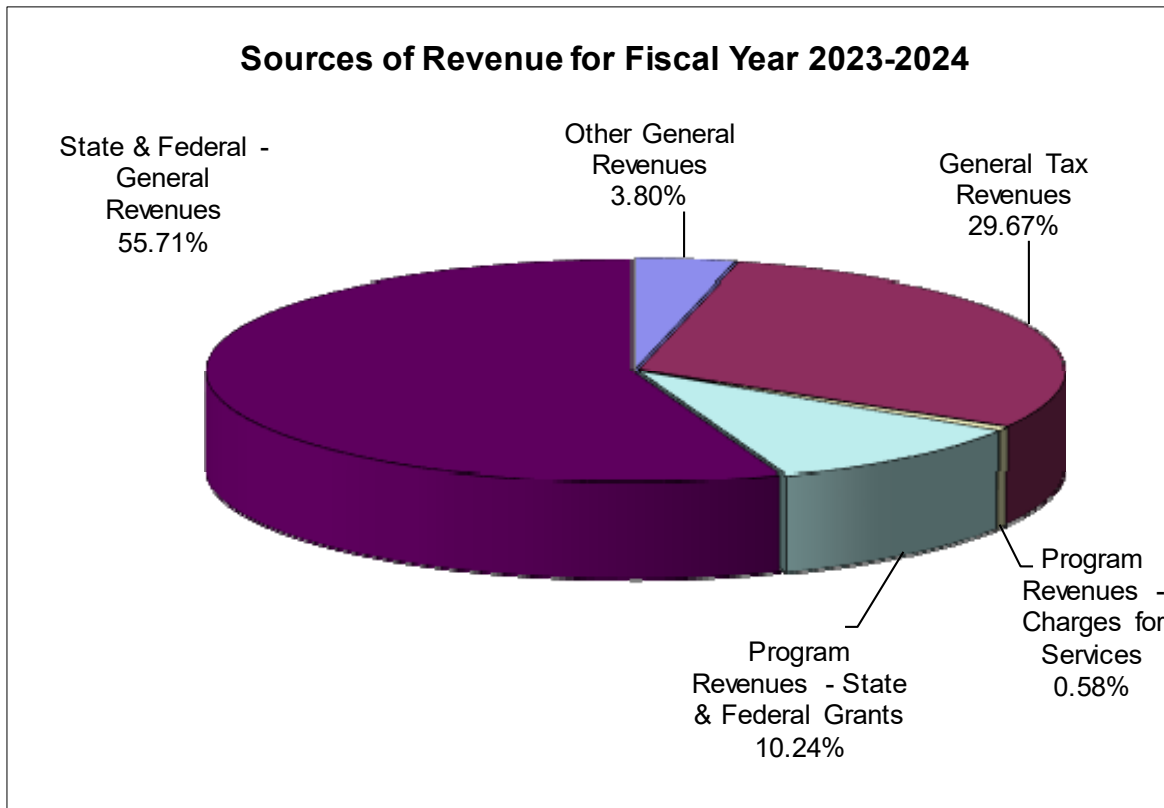
## GENERAL BROWN CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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

#### Condensed Statement of Activities Fiscal Years 2023-2024



The School District is heavily dependent on both state and federal aid as a revenue source. State and Federal Grants and State and Federal General Revenues combined account for 66% of total revenues received for fiscal year 2023-2024. General Tax Revenues account for 30% of revenues received in fiscal year 2023-2024. These two areas represent 96% of the total revenues received for the year, a 1% decrease from the prior year.

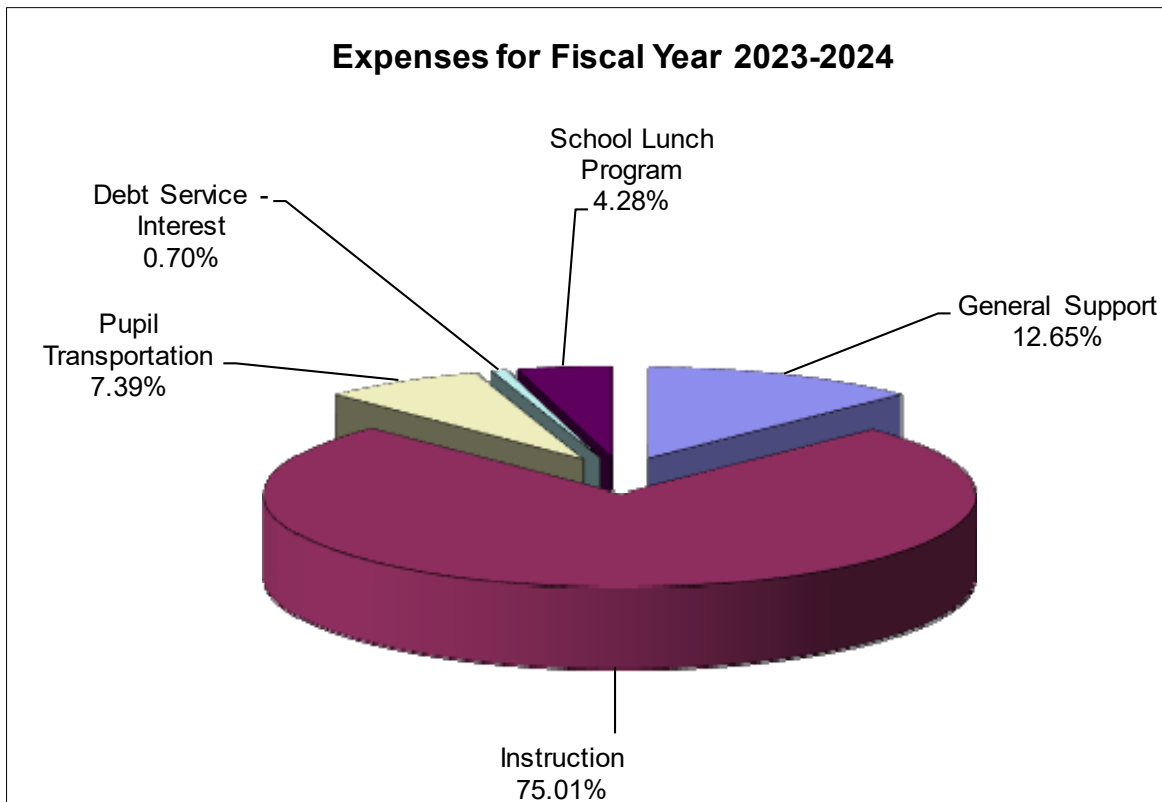


## GENERAL BROWN CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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



Instruction, pupil transportation, and general support account for about 95% of the total expenses of the School District for fiscal year 2023-2024, a 1% decrease from the prior year.

The financial statements also include the Special Aid Fund and School Food Service Fund, which are primarily funded by state and federal aid and food sales.

#### General Fund Budgetary Highlights

The voters of the District approved the proposed appropriation budget in the amount of \$27,916,460 on May 16, 2023. District voters approved a proposition for capital outlay project not to exceed \$100,000, which is included in the previous amount. Prior year carry-forward encumbrances of \$47,155 and budget adjustment for district wide project for \$5,000,000, bring the final budget amount to \$32,963,615.

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

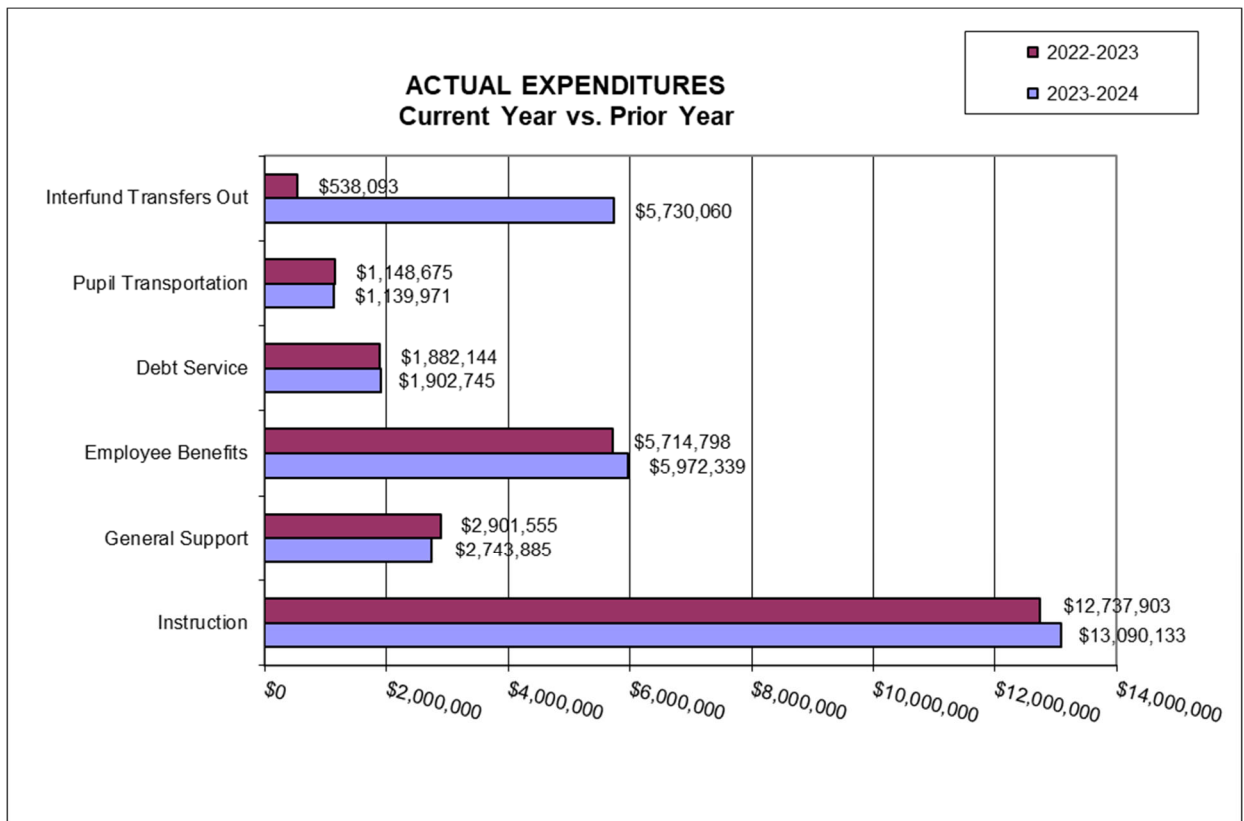
### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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

#### General Fund Budgetary Highlights – Continued

Actual expenditures for 2023-2024 totaled \$30,579,133 which includes transfers to other funds totaling \$5,730,060, for a variance of \$2,359,401 (under budgeted amounts after year end encumbrances of \$25,081). The graph below shows how the actual expenditures are distributed for each budget over the past two budget years:



The following highlights the major increases/decreases in spending for fiscal year 2023-2024 as compared to prior fiscal year 2022-2023:

The significant increase in interfund transfers is primarily due to the district wide \$31 million capital project. Employee benefits increase driven by increased retirement costs.

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

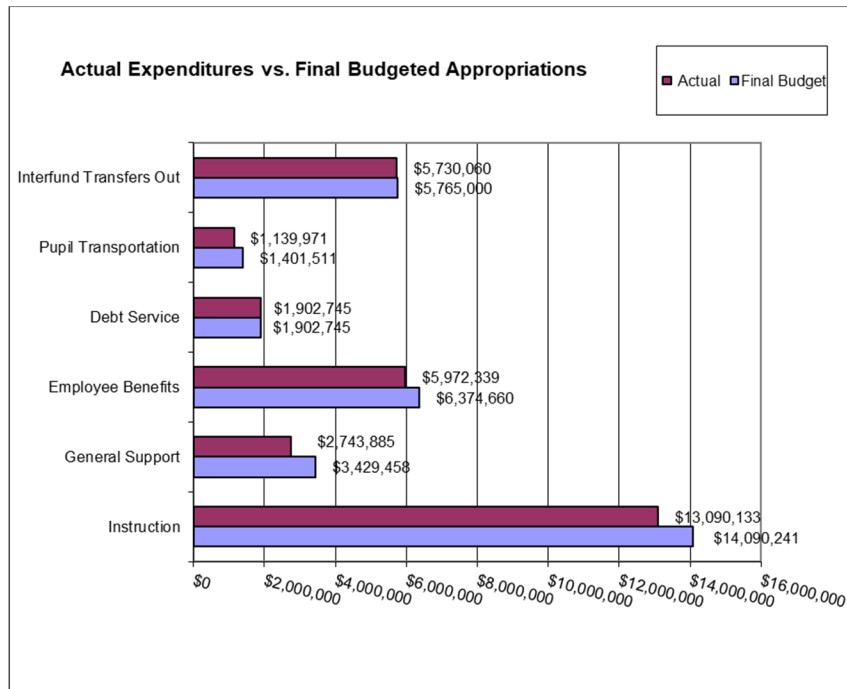
### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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

#### General Fund Budgetary Highlights – Continued

The following graph examines some specific areas of variations between the final budgeted appropriations and the actual expenditures:



When comparing the Final Budget variance with Budgetary Actual, the 2023-2024 budget appropriations were on target or greater than actual expenditures in all areas of the budget.

Conservative budgeting practices likely played a significant role, ensuring that sufficient funds were allocated to cover potential expenses while minimizing the risk of overspending. Additionally, careful management of resources and efficient cost controls throughout the year helped to keep actual expenditures below or aligned with projections. This approach allowed the district to maintain financial stability while ensuring that all necessary programs and services were fully funded without exceeding the approved budget.

In 2023-2024, the School District appropriated \$1,200,000 of the fund balance to reduce taxes for fiscal year ending June 30, 2025. Unspent appropriations provide cash flow at year-end when state aid is uncertain. Without this balance, the School District would have to borrow funds at year-end to meet its obligations.

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

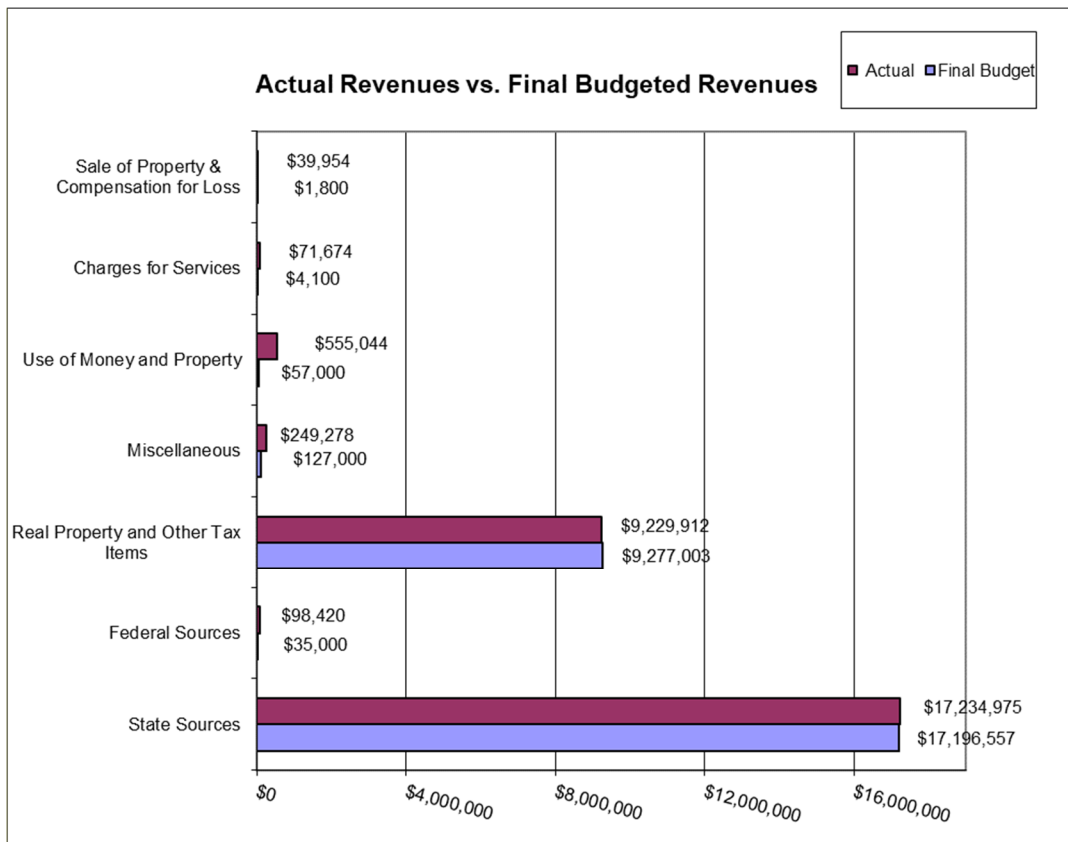
### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

#### General Fund Budgetary Highlights – Continued

##### Revenues

Actual revenues, including transfers from other funds, were over budgeted amounts by \$762,797 for fiscal year 2023-2024. This surplus in revenue is particularly noteworthy because it's important to highlight that budgeting for our largest revenue sources, including taxes, state, and federal funding, was remarkably accurate, with only small variances between budgeted and actual figures. However, it's essential to acknowledge that certain revenue streams, such as unpredictable events, facility usage fees, and miscellaneous revenues, tend to be inherently uncertain, leading to less precise budgeting. These revenues are often influenced by external factors beyond the school's control, making it challenging to forecast them accurately. This variance underscores the need for a flexible budgeting approach, regular review, and adjustments of revenue projections for these unpredictable elements.

The following graph depicts actual revenues in comparison with final budgeted revenues.



## GENERAL BROWN CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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

##### General Fund

General Funds are used to operate the schools' daily educational and transportation programs and maintain the buildings and grounds of the facility for continued use. This is the only fund that relies on real property taxes for a portion of funding. Property tax revenues received amounts to 34% of total General Fund revenues for 2023-2024, down 1% from the prior year.

##### Special Aid Fund

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

Title I funds can only be used in schools that meet a 35% poverty level. In the 2023-2024 school year, Brownville/Glen Park and Dexter Elementary achieved that minimum percentage. Therefore, Title I monies can only be used to fund the academic intervention program in the elementary schools.

It is important to note that some of these grants have a fiscal year that runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30. Therefore, there are funds being spent during the summer months that result in carry over amounts as of the June 30, 2024 school year.

The following chart shows the grant amounts recorded in the Special Aid Fund:

	2023-2024	2022-2023
Title I NCLB Basic Grant	\$ 535,335	\$ 597,065
Title II Part A	37,901	58,194
Title IV	47,327	44,946
Title V	-	36,760
IDEA Part B Section 611	391,047	375,014
IDEA Section 619	7,954	8,736
Universal Pre-Kindergarten	187,935	165,552
Summer School - Section 4408	101,977	66,286
Other	-	126,890
CRRSA- ESSER/ GEER	-	684,156
American Rescue Plan	875,422	579,231
	<u>\$ 2,184,898</u>	<u>\$ 2,742,830</u>

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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

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##### **Debt Service Fund**

This fund is used to accumulate interest on capital fund proceeds earned during building projects. These funds will be used to reduce the debt in the General Fund in subsequent years.

##### **School Food Service Fund**

The School Food Service Program is funded through state and federal aid, along with the sale of lunch and breakfast items. In the 2023-2024 school year, the program ended with a surplus of \$50,529, following an interfund transfer of \$150,000.

This positive outcome is largely attributed to the district's participation in the Community Eligibility Provision (CEP), which allowed us to serve free meals to all students. As a result, federal and state reimbursements increased significantly, improving the financial position of the School Food Service Program.

Additionally, with the surplus funds, we have been able to purchase much-needed equipment, enhancing our food service capabilities and ensuring that we can continue to provide high-quality meals to all students. This investment in equipment is vital for maintaining an efficient operation and supporting the overall success of the program.

##### **Capital Projects Fund**

The School District uses the Capital Projects Fund to record the purchase of school buses. \$485,000 was approved by proposition and \$473,919 was transferred from the General Fund during the year ending June 30, 2024 to purchase four new school buses.

##### **Extra Classroom Activity Funds**

The School District implemented GASB 84, *Fiduciary Activities*, for the year ended June 30, 2021, which now includes the reporting of the Extra Classroom Activity Funds in the District's fund financial statements. The fund reflects clubs approved by the Board of Education and their annual activities of fundraising and events.

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

#### CAPITAL ASSETS

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

The School District's infrastructure has seen significant development over the years, beginning with the construction of the high school in 1957 and culminating in the successful completion of a district-wide renovation project in 2012. In July 2016, the district embarked on an energy performance project, which was finalized during the 2017-2018 school year. In February 2017, voters approved another renovation project, with Phase I construction beginning in June 2018 and finishing by October of the same year. Phase II started in the fall of 2019 and was completed by June 30, 2021, further reinforcing our commitment to providing top-tier facilities.

On October 11, 2023, voters approved a new \$31 million capital project. This project will include turf expansion and replacement at the high school, new baseball and softball fields, extensive classroom renovations, and the installation of air handlers and air conditioning systems. Work is set to begin in June 2025, continuing the district's dedication to offering modern, high-quality learning environments for all students and staff.

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

A fixed asset policy was established by the School Board on August 8, 2022 to capitalize fixed assets of at least \$5,000 and building improvements of \$25,000. Total net capital assets after depreciation is \$33,379,830 at June 30, 2024.

	<b>Balance</b>	<b>2024</b>	<b>2024</b>	<b>Balance</b>
	<b>June 30, 2023</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>June 30, 2024</b>
Land	\$ 160,983	\$ -	\$ -	\$ 160,983
Construction in Progress	-	582,867	-	582,867
Building & Improvements	54,642,965	-	-	54,642,965
Furniture & Equipment	7,548,621	899,240	(473,205)	7,974,656
Intangible Lease Assets	95,868	-	-	95,868
	<u>62,448,437</u>	<u>1,482,107</u>	<u>(473,205)</u>	<u>63,457,339</u>
Less:				
Accumulated Depreciation and Amortization	<u>28,662,884</u>	<u>1,785,199</u>	<u>(370,574)</u>	<u>30,077,509</u>
<b>Total Capital Assets, Net</b>	<u><u>\$ 33,785,553</u></u>	<u><u>\$ (303,092)</u></u>	<u><u>\$ (102,631)</u></u>	<u><u>\$ 33,379,830</u></u>

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2024

**LONG-TERM DEBT**

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The School District has two outstanding bonds as of June 30, 2024. First, a bond outstanding on a capital project issued in 2016. The last date that bond will be paid is June 15, 2027. In 2016, the District issued \$6,765,000 in general obligation bonds to partially refund \$6,535,000 of the 2011 outstanding bonds. Second, during 2021 the District issued a serial bond for a District Wide Capital Project in the amount of \$7,465,000, to mature in June 2036.

During 2017, the District issued \$1,701,914 of installment purchase debt for the energy performance contract.

The Long-Term Debt is broken down by current (within one year) and long-term (after one year). At June 30, 2024, the School District had the following breakdown of debt for serial bonds, installment purchase debt, and premium on bonds:

	<b>2023-2024</b>	<b>2022-2023</b>
Due and Payable in One Year	\$ 1,720,150	\$ 1,686,999
Due and Payable After One Year	<u>7,500,933</u>	<u>9,221,083</u>
Total Long-Term Debt	<u><u>\$ 9,221,083</u></u>	<u><u>\$ 10,908,082</u></u>

The Long-Term liability associated with other postemployment benefits (OPEB) decreased by \$2,641,793 for a total ending balance of \$63,727,181 on June 30, 2024.

For more information refer to Note 8 in the notes to financial statements.



## **GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2024

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

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With the following observations, the School District can only project what future financial changes will be by how the history of budget and school operations have been in the School District.

- New York State has signaled a potential funding cliff in 2025 when the federal stimulus allocations are expected to cease. Fortunately, the District has prudently rebuilt its reserve accounts since the economic downturn in 2013, resulting in a robust financial position. Moreover, the District has consistently maintained a surplus in its unassigned fund balance, which currently exceeds the statutory limit. These proactive fiscal practices are deemed imperative to safeguard the District from unforeseen revenue shortfalls, ensuring its financial stability and resilience in the face of future uncertainties.
- The New York State (NYS) fiscal cliff is poised to have a significant impact on schools across the state. This potential reduction in financial resources could necessitate difficult decisions, including cuts to educational programs, staff, and essential services, unless alternative revenue sources or cost-saving measures are identified and implemented to mitigate the fiscal impact on schools. Adding to this uncertainty is the anticipated Rockefeller Group Foundation Aid review, which leaves schools, including General Brown, unsure about future funding. This financial uncertainty could further complicate planning, making it essential for districts to carefully monitor developments and explore options to mitigate the potential fiscal impact.
- Like many school districts across the state, General Brown is currently facing a shortage of bus drivers, certified educators, and substitute teachers. This challenge puts strain on the District's operational efficiency and poses a potential risk to its core mission of preparing students to meet the demands of higher education and the workforce.

#### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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This report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the School Business Official at the following address: General Brown Central School District, PO Box 500, Dexter, New York, 13634.

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**AUDITED BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES**

June 30, 2024

**ASSETS**

Cash and Cash Equivalents	
Unrestricted	\$ 3,800,442
Restricted	9,675,599
Receivables	
Lease Receivable	330,475
State and Federal Aid	1,060,882
Due from Other Governments	1,201,407
Other	40,459
Inventories	8,866
Capital Assets, Net	33,379,830
<b>TOTAL ASSETS</b>	<b>\$ 49,497,960</b>

**DEFERRED OUTFLOW OF RESOURCES**

Other Postemployment Benefits	\$ 11,140,684
Pensions	4,876,291
Deferred Charge on Bond Refunding	139,735
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 16,156,710</b>

**LIABILITIES**

Payables	
Accounts Payable	\$ 472,263
Accrued Liabilities	196,983
Due to Other Governments	160
Accrued Interest	14,402
Due to Teachers' Retirement System	992,121
Due to Employees' Retirement System	153,584
Long-Term Liabilities	
Due and Payable Within One Year	
Bonds Payable, Net of Unamortized Premium	1,592,056
Installment Purchase Debt	128,094
Lease Liability	52,176
Compensated Absences Payable	30,780
Due and Payable After One Year	
Bonds Payable, Net of Unamortized Premium	6,509,109
Installment Purchase Debt	991,824
Lease Liability	111,531
Compensated Absences Payable	213,457
Net Pension Liability - Proportionate Share	1,845,324
Other Postemployment Benefits Payable	63,727,181
<b>TOTAL LIABILITIES</b>	<b>\$ 77,031,045</b>

See notes to audited basic financial statements.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES – Continued**

June 30, 2024

**DEFERRED INFLOW OF RESOURCES**

Leases	\$ 317,566
Other Postemployment Benefits	25,488,213
Pensions	1,099,692
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>\$ 26,905,471</b>

**NET POSITION**

Net Investment in Capital Assets	\$ 24,298,482
Restricted	
Debt Service	673,078
Other Legal Restrictions	8,771,806
Unrestricted (Deficit)	(72,025,212)
<b>TOTAL NET POSITION</b>	<b>\$ (38,281,846)</b>

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See notes to audited basic financial statements.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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

Year Ended June 30, 2024

		<b>Program Revenues</b>		<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Charges for</b>	<b>Operating</b>	<b>Revenue and</b>
		<b>Services</b>	<b>Grants</b>	<b>Changes in</b>
				<b>Net Position</b>
<b>FUNCTIONS/PROGRAMS</b>				
General Support	\$ 3,720,208	\$ -	\$ -	\$ (3,720,208)
Instruction	22,052,288	71,674	2,184,898	(19,795,716)
Pupil Transportation	2,172,332	-	-	(2,172,332)
Debt Service - Interest	204,600	-	-	(204,600)
School Food Service Program	1,258,549	110,242	1,000,501	(147,806)
Total Functions and Programs	<u>\$ 29,407,977</u>	<u>\$ 181,916</u>	<u>\$ 3,185,399</u>	<u>(26,040,662)</u>
<b>GENERAL REVENUES</b>				
Real Property Taxes				8,444,684
Other Tax Items				785,228
Use of Money and Property				763,891
Sale of Property and Compensation for Loss				39,954
Gain on Disposition of Capital Assets				369
Miscellaneous				378,225
State Sources				17,234,975
Medicaid Reimbursement				20,944
Federal Sources				<u>77,476</u>
Total General Revenues				<u>27,745,746</u>
Change in Net Position				1,705,084
Net Position - Beginning of Year				<u>(39,986,930)</u>
Net Position - End of Year				<u>\$ (38,281,846)</u>

See notes to audited basic financial statements.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

June 30, 2024

	<b>General</b>	<b>Special Aid</b>	<b>Capital District Wide Project</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents					
Unrestricted	\$ 3,494,303	\$ 142,790	\$ -	\$ 163,349	\$ 3,800,442
Restricted	4,215,303	-	4,642,913	817,383	9,675,599
Receivables					
Lease Receivable	330,475	-	-	-	330,475
State and Federal Aid	261,121	735,376	-	64,385	1,060,882
Due from Other Funds	967,274	7,610	-	-	974,884
Due from Other Governments	1,201,407	-	-	-	1,201,407
Other	23,343	-	-	17,116	40,459
Inventories	-	-	-	8,866	8,866
<b>TOTAL ASSETS</b>	<b>\$ 10,493,226</b>	<b>\$ 885,776</b>	<b>\$ 4,642,913</b>	<b>\$ 1,071,099</b>	<b>\$ 17,093,014</b>
<b>LIABILITIES</b>					
Payables					
Accounts Payable	\$ 134,751	\$ 113,758	\$ 218,170	\$ 5,584	\$ 472,263
Accrued Liabilities	189,861	-	-	7,122	196,983
Due to Other Governments	-	-	-	160	160
Compensated Absences Payable	30,780	-	-	-	30,780
Due to Other Funds	-	772,018	7,610	195,256	974,884
Due to Teachers' Retirement System	992,121	-	-	-	992,121
Due to Employees' Retirement System	153,584	-	-	-	153,584
Total Liabilities	1,501,097	885,776	225,780	208,122	2,820,775
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred Inflow of Resources - Lease	317,566	-	-	-	317,566
Total Deferred Inflow of Resources	317,566	-	-	-	317,566
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	8,866	8,866
Restricted	4,215,303	-	4,417,133	812,448	9,444,884
Assigned	1,225,081	-	-	41,663	1,266,744
Unassigned	3,234,179	-	-	-	3,234,179
Total Fund Balance	8,674,563	-	4,417,133	862,977	13,954,673
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 10,493,226</b>	<b>\$ 885,776</b>	<b>\$ 4,642,913</b>	<b>\$ 1,071,099</b>	<b>\$ 17,093,014</b>

See notes to audited basic financial statements.

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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

June 30, 2024

**Total Fund Balance - Governmental Funds** \$ 13,954,673

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

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

Net Pension Liability - Proportionate Share - TRS	\$ 542,281	
Net Pension Liability - Proportionate Share - ERS	1,303,043	(1,845,324)

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

Other Postemployment Benefits	\$ 25,488,213	
Pensions	1,099,692	(26,587,905)

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

Other Postemployment Benefits	\$ 11,140,684	
Pension	4,876,291	
Deferred Charge on Refunding	139,735	16,156,710

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

Cost of Capital Assets	\$ 63,457,339	
Accumulated Depreciation and Amortization	(30,077,509)	33,379,830

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

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

Bonds Payable	\$ 7,810,000	
Installment Purchase Debt	1,119,918	
Lease Liability	163,707	
Accrued Interest	14,402	
Compensated Absences Payable	213,457	
Other Postemployment Benefits Payable	63,727,181	
Premiums on Bond Issue	291,165	(73,339,830)

**Total Net Position (Deficit) - Governmental Activities** \$ (38,281,846)

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See notes to audited basic financial statements.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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

Year Ended June 30, 2024

	<b>General</b>	<b>Special Aid</b>	<b>Capital District Wide Project</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Real Property Taxes	\$ 8,444,684	\$ -	\$ -	\$ -	\$ 8,444,684
Other Tax Items	785,228	-	-	-	785,228
Charges for Services	71,674	-	-	-	71,674
Sale of Property and Compensation for Loss	39,954	-	-	-	39,954
Use of Money and Property	555,044	-	-	208,847	763,891
Miscellaneous	249,278	-	-	130,023	379,301
State Sources	17,234,975	289,913	-	267,689	17,792,577
Federal Sources	77,476	1,894,985	-	678,558	2,651,019
Medicaid Reimbursement	20,944	-	-	-	20,944
Surplus Food	-	-	-	54,254	54,254
Sales (School Food Service)	-	-	-	109,166	109,166
Total Revenues	<u>27,479,257</u>	<u>2,184,898</u>	<u>-</u>	<u>1,448,537</u>	<u>31,112,692</u>
<b>EXPENDITURES</b>					
General Support	2,743,885	6,141	-	393,126	3,143,152
Instruction	13,090,133	1,883,547	-	-	14,973,680
Pupil Transportation	1,139,971	17,395	-	-	1,157,366
Employee Benefits	5,972,339	283,956	-	185,730	6,442,025
Debt Service:					
Principal	1,690,464	-	-	-	1,690,464
Interest	212,281	-	-	-	212,281
Cost of Sales (School Food Service)	-	-	-	679,693	679,693
Other Expenditures	-	-	-	110,796	110,796
Capital Outlay	-	-	582,867	793,147	1,376,014
Total Expenditures	<u>24,849,073</u>	<u>2,191,039</u>	<u>582,867</u>	<u>2,162,492</u>	<u>29,785,471</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,630,184</u>	<u>(6,141)</u>	<u>(582,867)</u>	<u>(713,955)</u>	<u>1,327,221</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Operating Transfers In	-	6,141	5,000,000	723,919	5,730,060
Operating Transfers (Out)	(5,730,060)	-	-	-	(5,730,060)
Proceeds from Debt - Leases	-	-	-	219,228	219,228
Total Other Financing Sources and (Uses)	<u>(5,730,060)</u>	<u>6,141</u>	<u>5,000,000</u>	<u>943,147</u>	<u>219,228</u>
Net Change in Fund Balance	(3,099,876)	-	4,417,133	229,192	1,546,449
Fund Balances - Beginning of Year	<u>11,774,439</u>	<u>-</u>	<u>-</u>	<u>633,785</u>	<u>12,408,224</u>
Fund Balances - End of Year	<u>\$ 8,674,563</u>	<u>\$ -</u>	<u>\$ 4,417,133</u>	<u>\$ 862,977</u>	<u>\$ 13,954,673</u>

See notes to audited basic financial statements.



**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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

Year Ended June 30, 2024

**Net Change in Fund Balances - Total Governmental Funds** **\$ 1,546,449**

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, assets with an initial cost of more than \$25,000 for buildings or improvements and \$5,000 for furniture and equipment, are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and amortization exceeded capital outlays and the related gain on disposal of capital assets in the current period:

Capital Outlays	\$ 1,379,107	
Gain on Disposals	369	
Depreciation and Amortization Expense	<u>(1,785,199)</u>	(405,723)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt and lease repayments made in the current period. 1,565,521

Proceeds of long-term debt and lease obligations are recorded as an other financing source for governmental funds but are not recorded in the Statement of Activities. This is the amount of proceeds from lease obligations received in the current year. (219,228)

Repayment of the installment purchase debt is recorded as an expenditure in the governmental funds, but reduces the long-term liability in the Statement of Net Position. This is the amount of the installment purchase debt payments made in the current period. 124,943

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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

Year Ended June 30, 2024

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest expense reported in the Statement of Activities is decreased by the net change in accrued interest on debt and the amortization of the deferred charge on bond refunding, less the amortization of premiums on bond issue.

7,681

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

28,249

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

(130,635)

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

Teachers' Retirement System	\$ (616,048)	
Employees' Retirement System	(196,125)	(812,173)
	<u>                    </u>	<u>                    </u>
<b>Change in Net Position of Governmental Activities</b>		<b><u><u>\$ 1,705,084</u></u></b>

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2024

**Custodial Funds**

**ASSETS**

Cash and Cash Equivalents

Restricted

\$ 5,805

Total Assets

\$ 5,805

**NET POSITION**

Restricted for Scholarships

\$ 5,805

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See notes to audited basic financial statements.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

Year Ended June 30, 2024

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Gifts and Contributions	\$ 4,620
Interest Income	87
Taxes Collected for Other Governments (Library Levy)	<u>53,500</u>
 Total Additions	 <u>58,207</u>
 <b>DEDUCTIONS</b>	
Scholarships and Awards	2,000
Payment of Tax to Other Governments (Library Levy)	<u>53,500</u>
 Total Deductions	 <u>55,500</u>
 Change in Net Position	 2,707
 Net Position - Beginning of Year	 <u>3,098</u>
 Net Position - End of Year	 <u><u>\$ 5,805</u></u>

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See notes to audited basic financial statements.

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

##### **Reporting Entity**

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

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

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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Extra Classroom Activity Funds

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

**Joint Venture**

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

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

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

During the year, the District was billed \$3,812,537 for BOCES administrative, program, and capital costs.

The District's share of BOCES aid amounted to \$1,683,510. This represents state aid distributions of \$1,499,563 and 2023 fund balance returned to schools of \$183,947.

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

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## GENERAL BROWN CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

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

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

###### District-Wide Statements

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

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

###### Fund Statements

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

The District reports the following governmental funds:

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Basis of Presentation – Continued**

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

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

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

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

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

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

The District reports the following fiduciary funds:

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



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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Basis of Presentation – Continued**

There is one class of fiduciary funds:

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

**Measurement Focus and Basis of Accounting**

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

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

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from State Aid is recognized in the fiscal year it is appropriated by the State. Revenue from grants and donations are 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 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 7, 2023. Taxes are collected during the period September 1, 2023 to November 7, 2023.

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

**Restricted Resources**

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

**Interfund Transactions**

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, 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 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**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 reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of capital assets, intangible lease assets, and intangible subscription assets.

**Cash and Cash Equivalents**

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

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

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

**Receivables**

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Inventories**

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. A portion of the fund balance in the amount of these non-liquid assets (inventories) has been identified as not available for other subsequent expenditures.

**Other Assets**

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

**Capital Assets and Intangible Lease Assets**

Capital assets are reported at actual cost or estimated historical costs. 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 asset lives are not capitalized. Land and Construction in Process are not depreciated.

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

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

The District does not possess any infrastructure.

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Capital Assets and Intangible Lease Assets - Continued**

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$5,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.

**Deferred Outflows and Inflows of Resources**

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Deferred Outflows and Inflows of Resources – Continued**

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three 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 liability (TRS and ERS system) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item is related to leases and represents the present value of future payments the District will collect as lessor over the life of the lease.

**Unearned Revenue**

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

**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.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Vested Employee Benefits – Continued**

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

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

**Other Benefits**

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

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

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

**Short-Term Debt**

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

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

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

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

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##### 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 are converted to long-term financing within five years after the original issue date.

##### Accrued Liabilities and Long-Term Obligations

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

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

##### Equity Classifications

###### District-Wide Statements

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

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

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

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



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## GENERAL BROWN CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

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

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##### Equity Classifications - Continued

###### Fund Statements

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

**Nonspendable** - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Food Service Fund of \$8,866.

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

The District has established the following restricted fund balances:

##### **Debt Service**

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

##### **Capital Projects Funds**

According to constraints placed on the use of resources established by approved capital projects, must be used for the specific purpose outlined in the approved proposition. These monies are accounted for in the Capital Projects Fund.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Equity Classifications – Continued**

**Retirement Contributions**

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

Under new amendments to General Municipal Law §6-r, a sub-fund within the Retirement Contribution Reserve can be established to finance contributions to the New York State Teachers Retirement System (“TRS Sub-fund”). The TRS sub-fund reserve may be established by a major vote of the Board of Education if the District has an established Retirement Contributions Reserve Fund. The amounts contributed annually to the TRS sub-fund cannot exceed 2% of the compensation or salaries of all teachers employed by the District who are members of TRS paid during the immediately preceding fiscal year. Also, the TRS sub-fund balance cannot exceed 10% of the total compensation or salaries of all teachers employed by the District who are members of TRS paid during the immediately preceding fiscal year. This TRS sub-fund exists “within” the Retirement Contributions Reserve Fund which is accounted for in the General Fund.

**Insurance Reserve for Property Loss**

According to Education Law §1709(8-c), all expenditures made from the insurance reserve for property loss must be used to pay for liability claims and property loss incurred. Separate funds for claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Equity Classifications – Continued**

**Unemployment Insurance**

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

**Workers' Compensation**

According to General Municipal Law §6-j, expenditures made from the workers' compensation reserve 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. This reserve is accounted for in the General Fund.

**Capital Reserve**

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

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Equity Classifications – Continued****Employee Benefit Accrued Liability**

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability fund must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

**Extra Classroom Activity Funds**

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

Restricted fund balance includes the following:

**General Fund:**

Employee Benefit Accrued Liability	\$ 217,088
Insurance Reserve for Property Loss	349,321
Retirement Contributions - NYSERS	1,688,673
Retirement Contributions - NYSTRS	655,480
Workers' Compensation	302,974
Unemployment Insurance	265,305
Capital Reserve	736,462
Capital Projects - District Wide	4,417,133
Extra Classroom Activity Funds	139,370
Debt Service Fund	673,078
	<hr/>
Total Restricted Funds	\$ 9,444,884

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Equity Classifications – Continued**

**Assigned** – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$25,081. Any remaining fund balance in other funds is considered assigned.

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

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain 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.

**Order of Use of Fund Balance**

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**New Accounting Standards**

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

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

**Future Changes in Accounting Standards**

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

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

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

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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

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

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

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

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

1. Long-Term Revenue and Expense Differences:

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

2. Capital Related Differences:

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

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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

3. Long-Term Debt Transaction Differences:

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

4. Pension Differences:

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

5. OPEB Differences:

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

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND  
ACCOUNTABILITY**

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**Budgets**

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law).



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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND  
ACCOUNTABILITY – Continued**

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**Budgets – Continued**

These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The original budget was increased by \$5,000,000. The increase reflects an interfund transfer from the capital reserve to the capital projects fund as a result of voter approved \$31 million capital project.

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

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

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

**Encumbrances**

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

**Other**

The Districts' unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include purchasing buses from fund balances, and appropriating funds for the health and safety of District students and employees.

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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**Cash**

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

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

Uncollateralized	\$ <u>          -</u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ <u>14,515,269</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$4,215,303 restricted for various fund balance reserves in the General Fund, \$4,642,913 restricted in the Capital Fund for use in District Wide Project, \$4,935 restricted in the Capital Fund - Capital Outlay, \$673,078 restricted in the Debt Service Fund, \$139,370 restricted in the Extra Classroom Activity Funds, and \$5,805 restricted in the custodial funds for scholarships.

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

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

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

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

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

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

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements / Reclassifications</b>	<b>Ending Balance</b>
Capital Assets That Are Not Depreciated:				
Land	\$ 160,983	\$ -	\$ -	\$ 160,983
Construction in Progress	-	582,867	-	582,867
Total Nondepreciable Assets	160,983	582,867	-	743,850
Other Capital Assets:				
Buildings & Improvements	54,642,965	-	-	54,642,965
Vehicles, Furniture and Equipment	7,548,621	899,240	(473,205)	7,974,656
Intangible Lease Assets - Equipment	95,868	-	-	95,868
Total Other Capital Assets	62,287,454	899,240	(473,205)	62,713,489
Less: Accumulated Depreciation:				
Buildings & Improvements	23,385,337	1,122,957	-	24,508,294
Vehicles, Furniture and Equipment	5,181,679	662,242	(370,574)	5,473,347
Less: Accumulated Amortization:				
Intangible Lease Assets - Equipment	95,868	-	-	95,868
Total Accumulated Depreciation and Amortization	28,662,884	1,785,199	(370,574)	30,077,509
Total Other Capital Assets, Net	33,624,570	(885,959)	(102,631)	32,635,980
Capital Assets, Net	\$ 33,785,553	\$ (303,092)	\$ (102,631)	\$ 33,379,830

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

General Support	\$ 291,302
Instruction	1,074,007
Pupil Transportation	419,890
Total Depreciation and Amortization Expense	<u>\$ 1,785,199</u>

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 6 – LEASE RECEIVABLE**

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The District, as a lessor, has entered into a lease agreement involving land for placement of tenant's communication facility. The lease began in September 2020 for an initial 5-year term. The lease contract includes an extension option of (4) additional (5) year terms. In accordance with GASB 87, *Leases*, the lease receivable of \$362,568 was recorded to equal the present value of all payments expected to be received during the lease term with a corresponding offset to deferred inflow of resources as of July 1, 2021. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease related inflows recognized during the fiscal year was \$15,000. Lease receivable at June 30, 2024 is \$330,475.

**NOTE 7 – SHORT-TERM DEBT OBLIGATIONS**

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

**NOTE 8 – LONG-TERM DEBT OBLIGATIONS**

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

**Serial Bonds**

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

**Lease Liabilities**

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued**

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

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amount Due Within One Year</b>
Bonds and Notes Payable					
General Obligation Debt					
Serial Bonds	\$ 9,320,000	\$ -	\$ 1,510,000	\$ 7,810,000	\$ 1,540,000
Premium on Bonds	343,221	-	52,056	291,165	52,056
Installment Purchase Debt	1,244,861	-	124,943	1,119,918	128,094
Total Bonds & Notes Payable	10,908,082	-	1,686,999	9,221,083	1,720,150
Other Liabilities					
Net Pension Liability -					
Proportionate Share	2,557,412	-	712,088	1,845,324	-
Compensated Absences					
Payable	241,706	-	28,249	213,457	-
Other Postemployment					
Benefits Liability	66,368,974		2,641,793	63,727,181	-
Lease Liability	-	219,228	55,521	163,707	52,176
Total Other Liabilities	69,168,092	219,228	3,437,651	65,949,669	52,176
Total Governmental Activities	\$ 80,076,174	\$ 219,228	\$ 5,124,650	\$ 75,170,752	\$ 1,772,326

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

Existing serial and statutory bond obligations:

<b>Description</b>	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Interest Rate (%)</b>	<b>Balance</b>
Serial Bonds - Refunding	6/2/16	6/15/27	2-4%	\$ 1,815,000
Serial Bonds	6/24/21	6/15/36	1-2%	5,995,000
				<u>\$ 7,810,000</u>

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued**

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 1,540,000	\$ 153,113	\$ 1,693,113
2026	1,035,000	124,763	1,159,763
2027	780,000	105,338	885,338
2028	535,000	89,100	624,100
2029	545,000	78,400	623,400
2030-2034	2,905,000	223,500	3,128,500
2035-2036	<u>470,000</u>	<u>14,100</u>	<u>484,100</u>
Total	<u>\$ 7,810,000</u>	<u>\$ 788,314</u>	<u>\$ 8,598,314</u>

Existing lease obligations:

<b>Description</b>	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Interest Rate (%)</b>	<b>Balance</b>
Computer Equipment - RIC	7/7/2023	12/1/2026	4.5460%	<u>\$ 163,707</u>

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

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 52,176	\$ 7,444	\$ 59,620
2026	54,548	5,072	59,620
2027	<u>56,983</u>	<u>2,637</u>	<u>59,620</u>
Total	<u>\$ 163,707</u>	<u>\$ 15,153</u>	<u>\$ 178,860</u>

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

Interest Paid	\$ 212,281
Plus: Amortized Premiums on Serial Bonds/Deferred Charge on Refunding	(5,478)
Less: Interest Accrued in the Prior Year	(16,605)
Plus: Interest Accrued in the Current Year	<u>14,402</u>
Total Interest on Long-Term Debt and Installment Purchase Debt	<u>\$ 204,600</u>

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued**

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**Advanced Refunding and Defeased Bond**

In prior years, the District defeased certain general obligations and other bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. Bonds outstanding in the amount of \$1,850,000 are considered defeased.

**NOTE 9 – INSTALLMENT PURCHASE DEBT OBLIGATION**

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On August 22, 2016, the District entered into an Energy Performance Contract Municipal Lease/Purchase Agreement with Key Government Finance. The project includes energy efficient improvements to the heating system and district-wide lighting improvements. The estimated value of the capital improvements at completion of the project and at the inception of the lease is \$1,906,085. The project was completed as of June 30, 2018 and resulted in \$1,906,085 of construction costs being capitalized in 2018 as assets placed in service. Balance of the long-term liability at June 30, 2024 is \$1,119,918. The installment purchase debt obligation is amortized at an implicit interest rate of approximately 2.5%.

The future minimum obligations for the installment purchase debt at June 30, 2024 is as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 128,094	\$ 26,629	\$ 154,723
2026	131,325	23,358	154,683
2027	134,637	20,004	154,641
2028	138,032	16,566	154,598
2029	141,513	13,041	154,554
2030-2032	446,317	17,071	463,388
Total	<u>\$ 1,119,918</u>	<u>\$ 116,669</u>	<u>\$ 1,236,587</u>

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS**

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**General Information**

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

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

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



**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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

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

**TRS Benefits Provided**

Benefits

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

*Tier 1*

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

*Tier 2*

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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**TRS Benefits Provided – Continued**

*Tier 3*

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

*Tier 4*

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

*Tier 5*

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

*Tier 6*

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

Service Retirements

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

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

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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**TRS Benefits Provided – Continued**

Service Retirements – Continued

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

Vested Benefits

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

Disability Retirement

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

Death Benefits

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

Prior and Military Service

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

Tier Reinstatement

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

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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**TRS Benefits Provided – Continued**Permanent Cost-of-Living Adjustment (COLA)

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

**ERS Benefits Provided**Benefits

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

*Tier 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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**ERS Benefits Provided – Continued**

Benefits – Continued

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

*Tier 3, 4, and 5*

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

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

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

*Tier 6*

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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**ERS Benefits Provided – Continued**

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

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

Vested Benefits

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

Disability Retirement Benefits

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

Ordinary Death Benefits

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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**ERS Benefits Provided – Continued**

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 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

**Funding Policies**

The Systems are noncontributory for the employees who joined prior to July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for the entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions to the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. The District chose to prepay the required contributions by December 15, 2023 and received an overall discount of \$2,731.

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

	<b>NYSTRS</b>	<b>NYSERS</b>
2023-2024	\$ 901,193	\$ 378,930
2022-2023	799,205	285,584
2021-2022	723,672	382,341

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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

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

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2024	June 30, 2023
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,303,043)	\$ (542,281)
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0088498%	0.0474190%
Change in Proportion % Since the Prior Measurement Date	0.0010432%	0.0013840%

For the year ended June 30, 2024, the District recognized pension expense of \$196,125 for ERS and \$616,048 for TRS.



**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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

At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 419,709	\$ 1,314,887	\$ 35,531	\$ 3,250
Changes of Assumptions	492,651	1,167,515	-	254,453
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	277,203	636,529	-
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	153,405	2,054	13,563	156,366
District's Contributions Subsequent to the Measurement Date	153,584	895,283	-	-
Total	<u>\$ 1,219,349</u>	<u>\$ 3,656,942</u>	<u>\$ 685,623</u>	<u>\$ 414,069</u>

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

	<b>ERS</b>	<b>TRS</b>
2025	\$ (200,742)	\$ 187,127
2026	289,818	(314,440)
2027	405,004	2,150,724
2028	(113,938)	140,029
2029	-	111,035
Thereafter	-	73,115

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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**Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

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

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

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 10 – PENSION PLANS – Continued**

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**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:

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

**Discount Rate**

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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

<b>ERS</b>	<b>1% Decrease (4.9%)</b>	<b>Current Assumption (5.9%)</b>	<b>1% Increase (6.9%)</b>
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (4,096,900)	\$ (1,303,043)	\$ 1,030,407
<b>TRS</b>	<b>1% Decrease (5.95%)</b>	<b>Current Assumption (6.95%)</b>	<b>1% Increase (7.95%)</b>
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (8,259,212)	\$ (542,281)	\$ 5,947,992

**Pension Plan Fiduciary Net Position**

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

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

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**NOTE 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 31. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$153,584. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October, and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer’s contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$992,121.

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**NOTE 11 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

Interfund balances at June 30, 2024 are as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 967,274	\$ -	\$ -	\$ 5,730,060
Special Aid	7,610	772,018	6,141	-
School Food Service	-	195,256	150,000	-
Debt Service	-	-	-	-
Capital - Bus Purchases	-	-	473,919	-
Capital - Outlay Project	-	7,610	100,000	-
Capital - District Wide Project	-	-	5,000,000	-
Total	<u>\$ 974,884</u>	<u>\$ 974,884</u>	<u>\$ 5,730,060</u>	<u>\$ 5,730,060</u>

The District typically loans resources between funds for the purpose of mitigating the effects of cash flow issues. The General Fund advanced funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs. Transfers are made to the various Capital Projects Funds for funding of projects.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 12 – FUND BALANCE EQUITY**

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

<b>Fund Balances</b>	<b>General</b>	<b>Special Aid</b>	<b>Capital - District Wide Project</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
Non-Spendable					
Inventory	\$ -	\$ -	\$ -	\$ 8,866	\$ 8,866
Restricted					
Employee Benefit					
Accrued Liability	217,088	-	-	-	217,088
Unemployment Insurance	265,305	-	-	-	265,305
Retirement Contributions - NYSERS	1,688,673	-	-	-	1,688,673
Retirement Contributions - NYSTRS	655,480	-	-	-	655,480
Workers' Compensation	302,974	-	-	-	302,974
Insurance Reserve for Property Loss	349,321	-	-	-	349,321
Capital Reserve	736,462	-	-	-	736,462
Capital Projects - District Wide	-	-	4,417,133	-	4,417,133
Extra Classroom Activity Funds	-	-	-	139,370	139,370
Debt Service	-	-	-	673,078	673,078
Assigned					
School Food Service	-	-	-	41,663	41,663
General Support	9,852	-	-	-	9,852
Instruction	13,215	-	-	-	13,215
Pupil Transportation	2,014	-	-	-	2,014
Designated for Next					
Fiscal Year	1,200,000	-	-	-	1,200,000
Unassigned					
General Fund	3,234,179	-	-	-	3,234,179
<b>Total Governmental Fund Balances</b>	<b>\$ 8,674,563</b>	<b>\$ -</b>	<b>\$ 4,417,133</b>	<b>\$ 862,977</b>	<b>\$ 13,954,673</b>

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 13 – POSTEMPLOYMENT (HEALTH INSURANCE)  
BENEFITS**

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**General Information about the OPEB Plan**

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

*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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	126
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>223</u>
Total Covered Employees	<u><u>349</u></u>

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2024, the District recognized \$1,482,759 for its share of insurance premiums for currently enrolled retirees.

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 13 – POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS – Continued**

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

Eligible superintendents are those who are at least age 55 with 7 years of service. Eligible administrators are those who are at least age 55 with 5 years of service. Eligible teachers and non-instructional employees are those who are at least age 55 with 15 years of service. Employees must also be eligible to retire under the ERS or TRS.

Surviving spouses are permitted to continue coverage after the death of the retiree but are responsible for paying 100% of the plan premium.

Retiree contribution rates, as a percentage of premium, vary based on beginning unit and years of service at retirement.

Medicare Part B premiums are reimbursed at 100% for Medicare-eligible retirees and dependents.

Employees who retire from the District may be eligible for pre-65 and post-65 postemployment medical and pharmacy benefits. Medical coverage, including prescription drugs as part of the medical plan, is offered to pre-65 and post-65 retirees on a fully insured basis through the Jefferson-Lewis et. al. School Employees' Healthcare Plan (the "Plan") with benefits administered by UMR. Two plan offerings are available to retirees: Provider Choice POS Plan and the Traditional Indemnity Plan.

Base plan costs are based on premium rates for the Plan's Provider Choice POS and Traditional Indemnity plans.



**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 13 – POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS – Continued**

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**Total OPEB Liability**

The District has obtained an actuarial valuation report as of June 30, 2024 which indicated that the total liability for other postemployment benefits is \$63,727,181 which is reflected in the Statement of Net Position.

The OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2023.

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

**Actuarial Methods and Assumptions**

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

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

Health care cost trend rate assumed for next fiscal year	6.75%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.500%
Fiscal year that the rate reaches the ultimate trend rate	2032

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

Health care cost trend rate assumed for next fiscal year	6.75%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.500%
Fiscal year that the rate reaches the ultimate trend rate	2032

**Additional Information**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in years)	8.62
Method used to determine Actuarial Value of Assets	N/A

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 13 – POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS – Continued**

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**Total OPEB Liability – Continued**

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

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

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

**Changes in the Total OPEB Liability**

Balance at June 30, 2023	\$ 66,368,974
Changes for the Year	
Service Cost	1,644,059
Interest	2,619,907
Changes of Assumptions or Other Inputs	(5,163,163)
Benefit Payments	<u>(1,742,596)</u>
Net Changes	<u>(2,641,793)</u>
Balance at June 30, 2024	<u><u>\$ 63,727,181</u></u>

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**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 13 – POSTEMPLOYMENT (HEALTH INSURANCE)****BENEFITS – Continued**

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**Changes in the Total OPEB Liability – Continued**

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

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

	<b>1% Decrease 3.00%</b>	<b>Discount Rate 4.00%</b>	<b>1% Increase 5.00%</b>
Total OPEB Liability	<u>\$ 77,197,364</u>	<u>\$ 63,727,181</u>	<u>\$ 53,540,435</u>

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

	<b>1% Decrease (Trend Less 1% Decreasing to 3.5%)</b>	<b>Healthcare Cost Trend Rates (4.5%)</b>	<b>1% Increase (Trend Plus 1% Increasing to 5.5%)</b>
Total OPEB Liability	<u>\$ 52,734,507</u>	<u>\$ 63,727,181</u>	<u>\$ 78,500,876</u>

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 13 – POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS – Continued**

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$130,635. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions or Other Inputs	\$ 9,367,972	\$ 25,488,213
Benefit Payments Subsequent to the Measurement Date	<u>1,772,712</u>	<u>-</u>
	<u><u>\$ 11,140,684</u></u>	<u><u>\$ 25,488,213</u></u>

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

Fiscal Year Ending June 30,

2025	\$ (1,960,733)
2026	(1,307,654)
2027	(1,476,199)
2028	(2,503,151)
2029	(3,287,350)
Thereafter	<u>(5,585,154)</u>
	<u><u>\$ (16,120,241)</u></u>

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 14 – RISK MANAGEMENT**

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**General**

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

**Consortiums and Self-Insured Plans**

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

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

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 16 – DONOR-RESTRICTED ENDOWMENTS**

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The District administers endowment funds, which are restricted by the donor for the purposes of Scholarships. During 2016, the majority of the funds were transferred to the Northern New York Community Foundation for continued conduct of the charitable activities supported thereby pursuant to the terms of the written agreements.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District. When approved for expenditure, such funds are returned to the District from Northern New York Community Foundation to be dispersed.

**NOTE 17 – TAX ABATEMENT**

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The District uses a property tax abatement agreement with local businesses. The local businesses entered into agreements directly with local tax jurisdictions within Jefferson County for tax abatement. The purpose of the Payment in Lieu of Taxes (PILOT) agreements are to provide real property tax abatement for value added by construction or renovations.

The District has two PILOT agreements executed through the Jefferson County Industrial Development Agency (JCIDA). The agreements span for a period of 10 - 15 years. As each PILOT agreement matures, the percentage of tax abatement decreases and the PILOT payment to the District increases. At the end of each PILOT agreement, the property will be placed back on the tax roll. The ARCFEWSTRNY (FedEx) Agreement will end in 2024 and the Aviagen Agreement will end in 2030.

For the fiscal year ended June 30, 2024, the District's portion of the PILOT was \$99,495 and the District abated the following taxes:

Company	Agreement Date	2023 % Abated	Taxable Value of Project	(A)	(B)	(A) * (B)
				Abated Total	Approximate Tax Rate %	Approximate Taxes Forgone
ARCFEWSTRNY	3/1/2015	100%	\$ 4,909,500	\$ 4,909,500	17.596	\$ 86,386
Avaigen of North America	3/1/2016	100%	\$ 954,000	\$ 954,000	17.596	\$ 16,786
<b>Total</b>						<u>\$ 103,172</u>

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**LAST SEVEN FISCAL YEARS**

Ended June 30, 2024

<b>Total OPEB Liability</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 1,644,059	\$ 1,618,722	\$ 2,719,287	\$ 3,215,278	\$ 2,472,170	\$ 2,145,886	\$ 2,519,186
Interest	2,619,907	3,337,109	1,711,121	1,668,493	1,874,005	2,181,720	1,916,945
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	-	-	-	-	-	-	-
Changes in Assumptions or Other Inputs	(5,163,163)	(26,254,280)	3,887,002	10,248,668	5,999,759	(2,324,460)	(7,209,409)
Benefit Payments	(1,742,596)	(1,700,088)	(1,643,390)	(1,639,616)	(1,653,915)	(1,265,756)	(1,170,192)
<b>Net Change in Total OPEB Liability</b>	<u>(2,641,793)</u>	<u>(22,998,537)</u>	<u>6,674,020</u>	<u>13,492,823</u>	<u>8,692,019</u>	<u>737,390</u>	<u>(3,943,470)</u>
<b>Total OPEB Liability - Beginning</b>	<u>66,368,974</u>	<u>89,367,511</u>	<u>82,693,491</u>	<u>69,200,668</u>	<u>60,508,649</u>	<u>59,771,259</u>	<u>63,714,729</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 63,727,181</u></u>	<u><u>\$ 66,368,974</u></u>	<u><u>\$ 89,367,511</u></u>	<u><u>\$ 82,693,491</u></u>	<u><u>\$ 69,200,668</u></u>	<u><u>\$ 60,508,649</u></u>	<u><u>\$ 59,771,259</u></u>
<b>Covered Payroll</b>	\$ 11,757,137	\$ 10,114,454	\$ 10,114,454	\$ 9,510,318	\$ 9,510,318	\$ 10,085,638	\$ 9,562,514
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	542.03%	656.18%	883.56%	869.51%	727.64%	599.95%	625.06%

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**  
Year Ended June 30, 2024

	<b>Original Budget</b>	<b>Final Budget</b>
<b>REVENUES</b>		
Local Sources		
Real Property Taxes	\$ 9,188,261	\$ 9,188,261
Other Tax Items	88,742	88,742
Charges for Services	4,100	4,100
Use of Money and Property	57,000	57,000
Sale of Property and Compensation for Loss	1,800	1,800
Miscellaneous	127,000	127,000
Total Local Sources	<u>9,466,903</u>	<u>9,466,903</u>
State Sources	17,196,557	17,196,557
Federal Sources	15,000	15,000
Medicaid Reimbursement	20,000	20,000
Total Revenues	<u>26,698,460</u>	<u>26,698,460</u>
<b>OTHER FINANCING SOURCES AND APPROPRIATED RESERVES</b>		
Operating Transfers In	8,000	8,000
Appropriated Reserves	10,000	10,000
Total Revenue, Other Financing Sources, and Appropriated Reserves	<u>26,716,460</u>	<u>26,716,460</u>
<b>EXPENDITURES</b>		
General Support		
Board of Education	34,361	34,361
Central Administration	298,000	252,034
Finance	417,860	391,331
Staff	185,500	168,869
Central Services	2,070,370	2,048,463
Special Items	534,400	534,400
Total General Support	<u>3,540,491</u>	<u>3,429,458</u>
Instruction		
Instruction, Administration and Improvement	962,249	952,249
Teaching-Regular School	7,567,285	7,353,163
Programs for Children with Handicapping Conditions	3,069,530	2,992,817
Occupational Education	820,000	820,000
Instructional Media	959,723	966,510
Pupil Services	899,700	1,005,502
Total Instruction	<u>14,278,487</u>	<u>14,090,241</u>
Pupil Transportation	1,401,512	1,401,511
Employee Benefits	6,135,000	6,374,660
Debt Service	1,843,125	1,902,745
Total Expenditures	<u>27,198,615</u>	<u>27,198,615</u>
<b>OTHER FINANCING USES</b>		
Transfers to Other Funds	765,000	5,765,000
Total Expenditures and Other Financing Uses	<u>27,963,615</u>	<u>32,963,615</u>
Net Change in Fund Balance	(1,247,155)	(6,247,155)
Fund Balance - Beginning	11,774,439	11,774,439
Fund Balance - Ending	<u>\$ 10,527,284</u>	<u>\$ 5,527,284</u>

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



# GENERAL BROWN CENTRAL SCHOOL DISTRICT

Actual		Final Budget Variance With Actual	
\$	8,444,684	\$	(743,577)
	785,228		696,486
	71,674		67,574
	555,044		498,044
	39,954		38,154
	249,278		122,278
	<u>10,145,862</u>		<u>678,959</u>
	17,234,975		38,418
	77,476		62,476
	20,944		944
	<u>27,479,257</u>		<u>780,797</u>
	-		(8,000)
	<u>-</u>		<u>(10,000)</u>
	27,479,257	\$	762,797
Year-End Encumbrances		Final Budget Variance with Actual And Encumbrances	
22,938	\$ -	\$	11,423
233,872	-		18,162
377,461	131		13,739
73,168	-		95,701
1,564,210	9,721		474,532
472,236	-		62,164
<u>2,743,885</u>	<u>9,852</u>		<u>675,721</u>
820,461	1,025		130,763
7,027,764	9,969		315,430
2,520,564	835		471,418
817,729	-		2,271
928,516	1,243		36,751
975,099	143		30,260
<u>13,090,133</u>	<u>13,215</u>		<u>986,893</u>
1,139,971	2,014		259,526
5,972,339	-		402,321
1,902,745	-		-
<u>24,849,073</u>	<u>25,081</u>		<u>2,324,461</u>
5,730,060	-		34,940
<u>30,579,133</u>	<u>\$ 25,081</u>	<u>\$</u>	<u>2,359,401</u>
(3,099,876)			
11,774,439			
<u>\$ 8,674,563</u>			

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSLRS PENSION PLAN  
LAST TEN FISCAL YEARS**

Ended June 30, 2024

**Teachers' Retirement System (TRS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Asset (Liability)	0.047419%	0.046035%	0.044739%	0.044474%	0.043674%	0.043262%	0.043112%	0.043536%	0.041567%	0.042664%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (542,281)	\$ (883,354)	\$ 7,752,818	\$ (1,228,939)	\$ 1,134,660	\$ 782,299	\$ 327,694	\$ (466,287)	\$ 4,317,520	\$4,752,508
District's Covered Payroll	\$ 9,055,561	\$ 8,155,156	\$ 7,781,812	\$ 7,753,814	\$ 7,450,159	\$ 7,223,708	\$ 6,996,232	\$ 6,469,904	\$ 6,338,829	\$6,705,272
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	5.99%	10.83%	99.63%	15.85%	15.23%	10.83%	4.68%	7.21%	68.11%	70.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

**Employees' Retirement System (ERS)**

District's Proportion of the Net Pension Asset (Liability)	0.0088498%	0.0078066%	0.0080771%	0.0075316%	0.0077471%	0.0080377%	0.0083045%	0.0078591%	0.0078141%	0.0082311%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,303,043)	\$ (1,674,058)	\$ 660,267	\$ (7,500)	\$ (2,051,473)	\$ (569,499)	\$ (268,022)	\$ (738,454)	\$ (1,254,183)	\$ (278,066)
District's Covered Payroll	\$ 3,087,462	\$ 2,575,905	\$ 2,531,279	\$ 2,317,559	\$ 2,471,795	\$ 2,318,406	\$ 2,272,407	\$ 2,046,302	\$ 1,980,145	\$2,059,208
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	42.20%	64.99%	26.08%	0.32%	83.00%	24.56%	11.79%	36.09%	63.34%	13.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability	93.88%	90.78%	103.65%	99.95%	86.39%	92.27%	98.24%	94.70%	90.68%	97.95%

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN**

**LAST TEN FISCAL YEARS**

Ended June 30, 2024

<b>Teachers' Retirement System (TRS)</b>										
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$ 901,193	\$ 799,205	\$ 723,672	\$ 668,811	\$ 774,192	\$ 690,603	\$ 800,692	\$ 890,810	\$ 1,094,569	\$ 1,024,098
Contributions in Relation to the Contractually Required Contribution	<u>901,193</u>	<u>799,205</u>	<u>723,672</u>	<u>668,811</u>	<u>774,192</u>	<u>690,603</u>	<u>800,692</u>	<u>890,810</u>	<u>1,094,569</u>	<u>1,024,098</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 9,055,561	\$ 8,155,156	\$ 7,781,812	\$ 7,753,814	\$ 7,450,159	\$ 7,223,708	\$ 6,996,232	\$ 6,469,904	\$ 6,338,829	\$ 6,705,272
Contributions as a Percentage of Covered Payroll	10.0%	9.8%	9.3%	8.6%	10.4%	9.6%	11.4%	13.8%	17.3%	15.3%
<b>Employees' Retirement System (ERS)</b>										
Contractually Required Contribution	\$ 378,930	\$ 285,584	\$ 382,341	\$ 320,098	\$ 346,594	\$ 334,679	\$ 341,119	\$ 316,581	\$ 346,976	\$ 411,477
Contributions in Relation to the Contractually Required Contribution	<u>378,930</u>	<u>285,584</u>	<u>382,341</u>	<u>320,098</u>	<u>346,594</u>	<u>334,679</u>	<u>341,119</u>	<u>316,581</u>	<u>346,976</u>	<u>411,477</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 3,087,462	\$ 2,575,905	\$ 2,531,279	\$ 2,317,559	\$ 2,471,795	\$ 2,318,406	\$ 2,272,407	\$ 2,046,302	\$ 1,980,145	\$ 2,059,208
Contributions as a Percentage of Covered Payroll	12.3%	11.1%	15.1%	13.8%	14.0%	14.4%	15.0%	15.5%	17.5%	20.0%

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

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

June 30, 2024

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 27,916,460
Add: Prior Year's Encumbrances	<u>47,155</u>
Original Budget	27,963,615
Budget Revision	<u>5,000,000</u>
Final Budget	<u><u>\$ 32,963,615</u></u>

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

2024-25 Voter Approved Expenditure Budget	<u>\$ 29,208,692</u>
Maximum Allowed 4% of 2024 - 2025 Budget	<u>1,168,348</u>

General Fund Balance Subject to Section 1318 of Real Property Tax Law

Unrestricted Fund Balance:

Assigned Fund Balance	\$ 1,225,081
Unassigned Fund Balance	<u>3,234,179</u>
Total Unrestricted Fund Balance	<u>4,459,260</u>

Less:

Appropriated Fund Balance	1,200,000
Encumbrances Included in Assigned Fund Balance	<u>25,081</u>
Total Adjustments	<u>1,225,081</u>

General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,234,179</u></u>
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Actual Percentage	<u><u>11.07%</u></u>
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See paragraph on supplementary schedule included in independent auditor's report.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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

Year Ended June 30, 2024

PROJECT TITLE	Expenditures					Unexpended Balance	Methods of Financing				Fund Balance 6/30/2024
	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total		Proceeds Of Obligations	State Aid	Local Sources	Total	
Buses	\$ 485,000	\$ 485,000	\$ -	\$ 473,919	\$ 473,919	\$ 11,081	\$ -	\$ -	\$ 473,919	\$ 473,919	\$ -
Capital Outlay	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
District Wide	\$ 31,142,000	\$ 31,142,000	\$ -	\$ 582,867	\$ 582,867	\$30,559,133	\$ -	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 4,417,133
Total	\$ 31,727,000	\$ 31,727,000	\$ -	\$1,156,786	\$ 1,156,786	\$30,570,214	\$ -	\$ -	\$ 5,573,919	\$ 5,573,919	\$ 4,417,133

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

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

June 30, 2024

	<b>School Food Service</b>	<b>Capital - Bus Purchases</b>	<b>Capital - Outlay Project</b>
<b>ASSETS</b>			
Cash and Cash Equivalents			
Unrestricted	\$ 163,349	\$ -	\$ -
Restricted	-	-	4,935
Receivables			
State and Federal Aid	64,385	-	-
Other	17,116	-	-
Inventories	8,866	-	-
<b>TOTAL ASSETS</b>	<b>\$ 253,716</b>	<b>\$ -</b>	<b>\$ 4,935</b>
<b>LIABILITIES</b>			
Payables			
Accounts Payable	\$ 649	\$ -	\$ 4,935
Accrued Liabilities	7,122	-	-
Due to Other Governments	160	-	-
Due to Other Funds	195,256	-	-
Total Liabilities	203,187	-	4,935
<b>FUND BALANCES</b>			
Nonspendable	8,866	-	-
Restricted	-	-	-
Assigned	41,663	-	-
Total Fund Balances	50,529	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 253,716</b>	<b>\$ -</b>	<b>\$ 4,935</b>

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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<b>Capital Project - Intangible Leases</b>	<b>Extra Classroom Activity</b>	<b>Debt Service</b>	<b>Total Non-Major Funds</b>
\$ -	\$ -	\$ -	\$ 163,349
-	139,370	673,078	817,383
-	-	-	64,385
-	-	-	17,116
-	-	-	8,866
<u>\$ -</u>	<u>\$ 139,370</u>	<u>\$ 673,078</u>	<u>\$ 1,071,099</u>
\$ -	\$ -	\$ -	\$ 5,584
-	-	-	7,122
-	-	-	160
-	-	-	195,256
<u>-</u>	<u>-</u>	<u>-</u>	<u>208,122</u>
-	-	-	8,866
-	139,370	673,078	812,448
-	-	-	41,663
<u>-</u>	<u>139,370</u>	<u>673,078</u>	<u>862,977</u>
<u>\$ -</u>	<u>\$ 139,370</u>	<u>\$ 673,078</u>	<u>\$ 1,071,099</u>

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

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

Year Ended June 30, 2024

	<b>School Food Service</b>	<b>Capital - Bus Purchases</b>	<b>Capital - Outlay Project</b>
<b>REVENUES</b>			
Use of Money and Property	\$ 31	\$ -	\$ -
Miscellaneous	1,076	-	-
State Sources	267,689	-	-
Federal Sources	678,558	-	-
Surplus Food	54,254	-	-
Sales (School Food Service)	109,166	-	-
Total Revenues	<u>1,110,774</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
General Support	393,126	-	-
Employee Benefits	185,730	-	-
Cost of Sales (School Food Service)	679,693	-	-
Other Expenditures	-	-	-
Capital Outlay	-	473,919	100,000
Total Expenditures	<u>1,258,549</u>	<u>473,919</u>	<u>100,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(147,775)</u>	<u>(473,919)</u>	<u>(100,000)</u>
<b>OTHER FINANCING SOURCES</b>			
Operating Transfers In	150,000	473,919	100,000
Proceeds from Debt - Leases	-	-	-
Total Other Financing Sources	<u>150,000</u>	<u>473,919</u>	<u>100,000</u>
Net Change in Fund Balances	2,225	-	-
Fund Balances - Beginning of Year	<u>48,304</u>	<u>-</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 50,529</u>	<u>\$ -</u>	<u>\$ -</u>



**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

<b>Capital Project - Intangible Leases</b>	<b>Extra Classroom Activity</b>	<b>Debt Service</b>	<b>Total Non-Major Funds</b>
\$ -	\$ -	\$ 208,816	\$ 208,847
-	128,947	-	130,023
-	-	-	267,689
-	-	-	678,558
-	-	-	54,254
-	-	-	109,166
-	128,947	208,816	1,448,537
-	-	-	393,126
-	-	-	185,730
-	-	-	679,693
-	110,796	-	110,796
219,228	-	-	793,147
219,228	110,796	-	2,162,492
(219,228)	18,151	208,816	(713,955)
-	-	-	723,919
219,228	-	-	219,228
219,228	-	-	943,147
-	18,151	208,816	229,192
-	121,219	464,262	633,785
\$ -	\$ 139,370	\$ 673,078	\$ 862,977

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NET INVESTMENT IN CAPITAL ASSETS**

Year Ended June 30, 2024

Capital Assets, Net			\$ 33,379,830
Add:			
Deferred Charge on Bond Refunding			139,735
Deduct:			
Premium on Bonds Payable	\$	291,165	
Short-Term Portion of Bonds Payable		1,540,000	
Short-Term Portion of Installment Purchase Debt		128,094	
Long-Term Portion of Bonds Payable		6,270,000	
Long-Term Portion of Installment Purchase Debt		991,824	9,221,083
			<hr/>
Net Investment in Capital Assets			\$ 24,298,482
			<hr/>

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

## **FEDERAL AWARD PROGRAM INFORMATION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

---

**TO THE BOARD OF EDUCATION  
GENERAL BROWN 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 and each major fund, and the aggregate remaining fund information of the General Brown Central School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the General Brown Central School District's basic financial statements and have issued our report thereon dated October 2, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

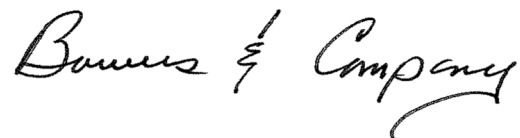
As part of obtaining reasonable assurance about whether General Brown Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

### **General Brown Central School District's Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on General Brown Central School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. General Brown Central School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

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

Watertown, New York  
October 2, 2024

**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  
GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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

**Opinion on Each Major Federal Program**

We have audited General Brown 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 General Brown Central School District's major federal programs for the year ended June 30, 2024. General Brown 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, General Brown Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of General Brown 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 General Brown Central School District's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to General Brown 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 General Brown Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about General Brown Central School District's compliance with the requirements of each major federal program as a whole.

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

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

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

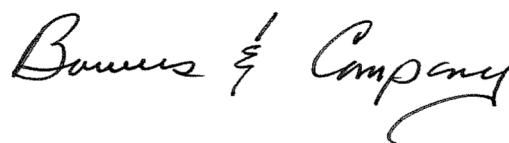
## Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Banner & Company". The script is cursive and fluid, with the ampersand being a stylized loop.

Watertown, New York  
October 2, 2024



**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2024

<b><u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE</u></b>	<b><u>Assistance Listing Number</u></b>	<b><u>Agency or Pass-through Number</u></b>	<b><u>Total Federal Expenditures</u></b>
<b><u>U. S. Department of Education</u></b>			
<b>Passed Through New York State Education Department:</b>			
Title I Grants to Local Educational Agencies	84.010A	0021-24-1170	\$ 535,334
Special Education Cluster:			
Special Education- Grants to States (IDEA, Part B)	84.027A	0032-24-0317	391,047
Special Education- Preschool Grants (IDEA Preschool)	84.173A	0033-24-0317	7,954
Total Special Education Cluster			399,001
Supporting Effective Instruction State Grants	84.367A	0147-24-1170	37,901
Student Support and Academic Enrichment Program	84.424A	0204-24-1170	47,327
Education Stabilization Fund:			
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief - ARP ESSER	84.425U	5880-21-1170	621,791
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief - After School	84.425U	5883-21-1170	44,850
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief - Lost Learning	84.425U	5884-21-1170	179,265
Total Education Stabilization Fund			845,906
Total Passed Through New York State Education Department			1,865,469
<b>Direct Program:</b>			
Impact Aid	84.041		77,476
Total Direct Program from U.S. Department of Education			77,476
Total U.S. Department of Education			1,942,945
Subtotal to Next Page			\$ 1,942,945

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

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED**

Year Ended June 30, 2024

Subtotal from Previous Page	\$ 1,942,945
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**U. S. Department of Agriculture**

**Passed Through New York State Education Department:**

COVID-19: Child Nutrition Discretionary Grants	10.579	5805-23-0047	29,516
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Child Nutrition Cluster:

Non-Cash Assistance (Food Distribution)

Fresh Fruit and Vegetable Program	10.582		17,112
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National School Lunch Program	10.555		37,142
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Non-Cash Assistance Subtotal			54,254
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Cash Assistance

School Breakfast Program	10.553		190,481
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COVID-19: Supply Chain Assistance Grant	10.555		43,655
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National School Lunch Program	10.555		439,724
-------------------------------	--------	--	---------

Summer Food Service Program for Children	10.559		4,698
--	--------	--	-------

Cash Assistance Subtotal			678,558
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Total Child Nutrition Cluster			732,812
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Total Passed Through New York State Education Department	762,328
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Total U.S. Department of Agriculture	762,328
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Total Federal Assistance	\$ 2,705,273
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See paragraph on supplementary schedules included in independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2024

**NOTE 1 – BASIS OF PRESENTATION**

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

The information in the Schedule is presented in accordance with the 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).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

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

The federal expenditures are recognized under the Uniform Guidance.

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

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.

**NOTE 3 – SUBRECIPIENTS**

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No amounts were provided to subrecipients.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2024

**NOTE 4 – SCOPE OF AUDIT**

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

**NOTE 5 – OTHER DISCLOSURES**

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

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

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

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The District is the recipient of federal award programs that do not result in cash receipts or disbursements. The District was granted \$37,142 of commodities under the National School Lunch Program for Children (Assistance Listing Number 10.555) and \$17,112 of commodities under the Fresh Fruit and Vegetable Program (Assistance Listing Number 10.582).

## GENERAL BROWN CENTRAL SCHOOL DISTRICT

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2024

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

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

June 30, 2024

NOTE B – FINDINGS - FINANCIAL STATEMENT AUDIT

---

**Finding Control Number: 2024-001**

*Instances of Noncompliance with Laws or Regulations*

Surplus Unexpended Funds in Excess of 4% Limitation

**Criteria**

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserves for tax reduction and insurance recoveries, the District can retain to no more than 4% of the subsequent year's budgeted appropriations. Amounts appropriated for the subsequent year, encumbrances, nonspendable and restricted balances are also excluded for the 4% limitation.

**Condition**

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$2,065,831 during the fiscal year.

**Context**

During our audit test of compliance - §1318 Real Property Tax, it was noted that the unassigned fund balances of \$3,234,179 had exceeded maximum allowed unexpended balance of \$1,168,348 for the fiscal year ended.

**Effect**

As a result, the District was not in compliance with the unexpended surplus funds limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2024.

**Cause**

The District understands the requirements relating to §1318 Real Property Tax law and due to the uncertainty of primary revenue sources maintains fund balance levels deemed appropriate in accordance with their long range fund balance plan.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2024

**NOTE B - FINDINGS - FINANCIAL STATEMENT AUDIT -**

Continued

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**Finding Control Number: 2024-001 – Continued**

**Recommendation**

We recognize the District has developed and implemented a long range written reserve plan. The District also monitors the fund balance on a regular basis. We recommend school officials continue to review fund balance throughout the year to address compliance with the Real Property Tax Law §1318.

**Views of Responsible Officials and Planned Corrective Actions**

The district acknowledges the recommendation to continue reviewing the fund balance to ensure compliance with Real Property Tax Law §1318. This careful management of the fund balance is crucial, especially as we face the uncertainty of the anticipated funding cliff in 2025, when federal stimulus funds are expected to expire. Additionally, the pending Rockefeller Group Foundation Aid review could result in changes to our state funding, further complicating financial planning.

Given these potential challenges, maintaining a healthy fund balance provides a critical safeguard against unforeseen revenue shortfalls. By regularly reviewing and adjusting our fund balance throughout the year, we ensure that the district remains financially stable and capable of addressing any unexpected fluctuations in revenue while minimizing the impact on educational programs and essential services. This proactive approach allows us to mitigate future risks and navigate the evolving financial landscape.

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

---

There were no findings to report.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2024

NOTE A - FINDINGS - FINANCIAL STATEMENT AUDIT

---

**Finding Control Number: 2023-001**

*Instances of Noncompliance with Laws or Regulations*

Surplus Unexpended Funds in Excess of 4% Limitation

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserves for tax reduction and insurance recoveries, the District can retain to no more than 4% of the subsequent year's budgeted appropriations. Amounts appropriated for the subsequent year, encumbrances, nonspendable and restricted balances are also excluded for the 4% limitation.

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$1,677,120 during the previous fiscal year.

**Views of Responsible Officials and Corrective Actions**

The District has consistently maintained an above-average fund balance, strategically positioned to safeguard its educational programs and services for students against potential future financial adversities. In light of New York State's funding cliff in 2025 upon and the depletion of federal stimulus funds, the District views proactive measures as imperative to mitigate unforeseen revenue shortfalls effectively. This stance is firmly endorsed and supported by the District's Board of Education, which is diligently executing a comprehensive long-term plan aimed at harnessing fund balance resources to proactively shield against substantial financial challenges arising from unexpected fiscal events. As part of this prudent strategy, the District intends to prudently allocate a portion of its surplus fund balance by June 30, 2024, while considering allocations towards reserves, the prevailing economic landscape, and the responsible management of the taxpayer burden, all while preserving the District's long-term fiscal vitality.

**Current Status**

Similar finding was noted in the 2024 audit.

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

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There were no prior audit findings to report.



**EXTRA CLASSROOM ACTIVITY FUNDS**

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

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### **TO THE BOARD OF EDUCATION GENERAL BROWN CENTRAL SCHOOL DISTRICT**

#### **Opinion**

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

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

#### **Basis for Opinion**

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

#### **Emphasis of Matter - Basis of Accounting**

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

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

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

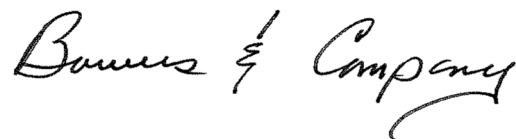
## **Auditor's Responsibilities for the Audit of the Financial Statement**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of General Brown Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about General Brown Central School District's ability to continue as a going concern for a reasonable period of time.

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

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

Watertown, New York  
October 2, 2024

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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

Year Ended June 30, 2024

<b>Account Name</b>	<b>Cash Balances July 1, 2023</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Cash Balances June 30, 2024</b>
Class of:				
2021	\$ -	\$ 426	\$ 426	\$ -
2022	1,635	-	1,635	-
2023	38	-	38	-
2024	10,562	18,077	26,931	1,708
2025	7,498	11,248	8,699	10,047
2026	5,561	8,746	4,400	9,907
2027	224	8,488	4,156	4,556
2028	349	-	-	349
2029	-	172	-	172
Dance Co	649	160	92	717
FCCLA	4,125	19,781	19,047	4,859
GSA	-	45	-	45
Honor Society:				
High School	4,140	1,675	2,125	3,690
Jr. High School	3,264	271	88	3,447
International Club	4,262	13,612	14,379	3,495
Key Club - High School	3,699	2,766	3,354	3,111
Teen Advisory Group	1,068	-	30	1,038
Robotics Club	75	1,534	448	1,161
Performing Arts	6,915	7,943	5,074	9,784
SADD	867	-	59	808
Student Council	22,520	14,618	9,664	27,474
Yearbook	43,768	19,385	10,151	53,002
<b>Total</b>	<b>\$ 121,219</b>	<b>\$ 128,947</b>	<b>\$ 110,796</b>	<b>\$ 139,370</b>

See note to financial statement.

**GENERAL BROWN CENTRAL SCHOOL DISTRICT**

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**EXTRA CLASSROOM ACTIVITY FUNDS – NOTE TO FINANCIAL STATEMENT**

June 30, 2024

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

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

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

October 2, 2024

To the President and Members of the Board of Education  
General Brown Central School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of General Brown Central School District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 20, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by General Brown Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by General Brown Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation and amortization is based on economic useful lives of capital asset classes.

Management's estimate of present value of right to use leased assets, lease receivables, and lease liability is based on the discount rate or implicit interest rate within the agreements in accordance with GASB Statement No. 87, *Leases*.

Management estimates actuarial assumptions that are used to determine pension asset (liabilities) and annual pension cost for the year in accordance with GASB Statement No. 68.

Management estimates actuarial assumptions that are used to determine annual postretirement cost for the year in accordance with GASB Statement No. 75.

We have evaluated the methods, assumptions and data used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 2, 2024.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to General Brown Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as General Brown Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit test of compliance - §1318 Real Property Tax, it was noted that the District exceeded the 4% limitation of unexpended surplus funds within the General Fund and the District was not in compliance with the limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2024. The finding was disclosed as a material instance of noncompliance in the 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 Governmental Auditing Standards.

Other Matters

We applied certain limited procedures to *Management's Discussion and Analysis, Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Schedule of Revenues, Expenditures, and Change in Fund Balance- Budget (Non-GAAP Basis) and Actual- General Fund, Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan, and Schedule of District's Contributions- NYSLRS Pension Plan*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on *Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund- Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances- Non-Major Governmental Fund, and Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



President and Board of Education  
General Brown Central School District  
October 2, 2024  
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Restriction on Use

This information is intended solely for the use of Board of Education and management of General Brown Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Bowers & Company*

**Attached Material Misstatements Corrected by Management:**

**Governmental Activities**

**Long-Term Liabilities:**

**Adjusting Journal Entries JE # 3**

To adjust bonds payable to actual as of 6/30/24 based on current year debt payments made

W00628	Bonds Payable	1,510,000.00	
W00129	Total Non-Current Governmental Liabilities		1,510,000.00
<b>Total</b>		<b>1,510,000.00</b>	<b>1,510,000.00</b>

**Adjusting Journal Entries JE # 5**

To record OPEB liability and deferred inflows

W00683	OPEB	2,641,793.00	
W00129	Total Non-Current Governmental Liabilities		2,499,118.00
W00697.1	Deferred Inflow, OPEB		142,675.00
<b>Total</b>		<b>2,641,793.00</b>	<b>2,641,793.00</b>

**Long-Term Assets:**

**Adjusting Journal Entries JE # 1**

To adjust capital assets for current year additions and depreciation

K00104	Equipment	426,035.00	
K00105	Construction in Progress	582,867.00	
K00159	Total Non-Current Governmental Assets	405,723.00	
K00112	Accumulated Depreciation - Buildings		1,122,957.00
K00114	Accumulated Depreciation - Equipment		291,668.00
<b>Total</b>		<b>1,414,625.00</b>	<b>1,414,625.00</b>

**Adjusting Journal Entries JE # 2**

To record OPEB deferred outflows

K00159	Total Non-Current Governmental Assets	2,629,753.00	
K00496.1	Deferred Outflow - OPEB		2,629,753.00
<b>Total</b>		<b>2,629,753.00</b>	<b>2,629,753.00</b>

**Adjusting Journal Entries JE # 3**

To adjust pension deferred outflows

K00159	Total Non-Current Governmental Assets	1,010,117.00	
K00496	Deferred Outflow of Resources - Pensions		1,010,117.00
<b>Total</b>		<b>1,010,117.00</b>	<b>1,010,117.00</b>

## Governmental Funds

### School Food Service Fund

Adjusting Journal Entries JE # 1			
To reduce interfund transfer from General Fund to agree to budgeted amount			
C 5031	INTERFUND TRANSFER	100,000.00	
C 630	DUE TO OTHER FUNDS		100,000.00
<b>Total</b>		<b>100,000.00</b>	<b>100,000.00</b>

### Miscellaneous Special Revenue Fund, Extraclassroom Activity

Adjusting Journal Entries JE # 1			
To record 2023-24 Extraclassroom activities			
CM200	Cash	18,151.00	
CM2989.4	Extraclassroom Expenditures	110,796.00	
CM2770	Other Income - Extraclassroom		128,947.00
<b>Total</b>		<b>128,947.00</b>	<b>128,947.00</b>

### Capital Projects Fund

Adjusting Journal Entries JE # 1			
To record new BOCES lease in accordance with GASB 87			
2110.200	Lease Expense	219,228.00	
5788.000	Proceeds from Debt - Lease Liability		219,228.00
<b>Total</b>		<b>219,228.00</b>	<b>219,228.00</b>

## FORM OF OPINION OF BOND COUNSEL

July 24, 2025

General Brown Central School District  
17643 Cemetery Road  
Dexter, New York 13634

Re: General Brown Central School District, County of Jefferson, New York  
\$14,000,000 Bond Anticipation Notes, 2025

Ladies and Gentlemen:

As Bond Counsel to the General Brown Central School District, County of Jefferson, State of New York, (the “District”), we have examined a record of proceedings relating to the issuance of \$14,000,000 Bond Anticipation Notes, 2025 (the “Notes”). The Notes are dated July 24, 2025 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District and a Certificate of Determination dated on or before July 24, 2025 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

In our opinion (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

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

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

Very truly yours,

WJ MARQUARDT PLLC