

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

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

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

\$15,000,000
SOUTH LEWIS CENTRAL SCHOOL DISTRICT
LEWIS COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #: 838706

\$15,000,000 Bond Anticipation Notes, 2025
(the "Notes")

Dated: July 24, 2025

Due: July 24, 2026

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

The Notes will not be subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC"). If the Notes are issued registered in the name of the purchaser(s), a single note certificate will be issued for the Notes. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owner(s) will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for the Notes bearing the same rate of interest and CUSIP number. The purchaser(s) will not receive certificates representing their ownership interest in the Notes. (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 unqualified legal opinion as to the validity of the Notes of Trespasz Law Offices, LLP, Syracuse, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about July 24, 2025.

ELECTRONIC BIDS for the Notes must be submitted on the Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on July 10, 2025 by no later than 10:45 A.M. Prevailing Time. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

June 26, 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, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX – C, MATERIAL EVENT NOTICES" HEREIN.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
LEWIS COUNTY, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

ANDREW LIENDECKER

President

JUSTIN SZUCS

Vice President

THOMAS BURMINGHAM

PAUL CAMPBELL

JESSICA CARPENTER

MARK LEMIEUX

BLAKE PLACE

RICH VENTURA

DAWN D. LUDOVICI

* * * *

ADMINISTRATION

DOUGLAS PREMO

Superintendent of Schools

DEBORAH J. DOMAGALA

Business Administrator

AMBER EISEL

School District Treasurer



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



TRESPASZ LAW OFFICES, LLP
BOND COUNSEL

Note: The District's Board of Education will change for the 2025-2026 fiscal year and prior to the date of the Notes in accordance with the District's annual reorganization meeting.

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
SOUTH LEWIS CENTRAL SCHOOL DISTRICT
LEWIS COUNTY, NEW YORK

Relating To
\$15,000,000 Bond Anticipation Notes, 2025

This Official Statement, which includes the cover page, has been prepared by the South Lewis Central School District, Lewis County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$15,000,000 principal amount of Bond Anticipation Notes, 2025 (referred to herein as the "Notes").

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

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

THE NOTES

Description of the Notes

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

The Notes are to be dated July 24, 2025 and will 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 in either (i) the name of the purchaser(s), in denominations of \$5,000 or integral multiples thereof, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are 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 duly adopted by the Board of Education on January 16, 2024 authorizing the District to finance a capital improvement project consisting of renovations and improvements to District buildings and facilities at a maximum cost of \$28,995,900, with \$5,200,000 to be funded from the District's Capital Reserve, and the balance to be financed through the issuance of up to \$23,795,900 bond anticipation notes and serial bonds.

The issuance of the Notes will represent the first borrowing against this authorization, and will provide \$15,000,000 in new money for the project.

Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; 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 of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser of the Notes upon issuance and later discontinued, the following provisions will apply:

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

THE SCHOOL DISTRICT

General Information

The District is located in upstate New York in the County of Lewis. The City of Rome is approximately 35 miles to the south, the City of Watertown approximately 40 miles northeast and the Village of Lowville 15 miles to the north. Major highways bisecting the District include State Routes #12, #12D and #26.

The District is primarily residential and agricultural in nature. It is also known as a year-around tourist area, with winter sports being the primary recreation. Commercial and professional services are located in the Village of Turin, as well as in nearby communities as aforementioned.

Source: District officials.

District Population

The population of the District is estimated to be 6,742. (Source: U.S. Census Bureau 2019-2023 American Community 5-Year Survey estimates data).

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

	<u>Per Capita Income</u>			<u>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>
Towns of:						
Greig	\$ 20,359	\$ 31,698	\$ 33,968	\$ 52,321	\$ 78,333	\$ 78,929
Leyden	18,821	26,862	30,117	41,731	51,806	75,278
Lyonsdale	16,100	18,476	23,871	41,833	51,719	63,182
Martinsburg	21,866	29,680	33,564	47,237	74,286	85,821
Osceola	26,049	34,503	34,259	52,500	95,833	85,625
Turin	25,255	29,297	33,691	57,500	54,375	71,188
Watson	23,067	35,854	34,865	44,375	67,833	70,321
West Turin	20,256	26,888	33,201	47,000	61,875	77,273
County of						
Lewis	20,970	27,770	32,690	49,554	65,238	78,095
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

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

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

Larger Employers

<u>Name</u>	<u>Type</u>	<u>Employees</u>
South Lewis CSD	Public Education	240
Snow Ridge (Seasonal)	Ski Resort	100
Otis Technology	Manufacturer	62
Marks Farm	Farm	50
Burrows Paper Company	Manufacturer	41

Source: District officials.

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

	<u>Annual Averages</u>							
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Lewis County	6.4%	5.3%	5.2%	7.3%	5.0%	3.9%	4.1%	4.2%
New York State	4.6%	4.1%	3.9%	9.8%	7.1%	4.3%	4.1%	4.3%

	<u>2025 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Lewis County	6.1%	6.4%	5.6%	3.9%	3.0%	N/A
New York State	4.6%	4.3%	4.1%	3.7%	3.5%	N/A

Note: Information for the month of June of 2025 is unavailable as of the date of this Official Statement.

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

Form of School Government

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education. Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board of Education. They are generally elected for a term of three years.

In early July of each year, the Board of Education meets for the purpose of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Clerk and District Treasurer.

Financial Organization

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

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the School District for the ensuing fiscal year (tentative budget) and distributes that statement not less than fourteen days prior to the date on which the School District's annual meeting is conducted, at which time such tentative budget is voted upon. Notice of the annual meeting is published as required by statute with a first publication not less than forty-five days prior to the day of such meeting. If the qualified voters at the annual meeting approve the tentative budget, the Board of Education, by resolution, adopts it as the budget of the School District for the ensuing fiscal year.

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

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

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

Recent Budget Votes

The budget for the 2024-2025 fiscal year was adopted by qualified voters on May 21, 2024 by a vote of 197 to 62. The budget for the 2024-2025 fiscal year called for a tax levy increase of 1.75%, which was below the District’s maximum allowable tax levy increase of 4.85 % for the 2024-2025 fiscal year.

The District’s budget for the 2025-26 fiscal year was approved by qualified voters on May 20, 2025 by a vote of 213 yes to 61 no. The adopted budget for the 2025-2026 fiscal year called for a total tax levy increase of 1.75%, which was below the District’s tax levy limit of 1.81%.

Investment Policy

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

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) savings accounts 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 the State; (3) demand deposit accounts in a bank or trust company located in and authorized to do business in the State; (4) obligations of New York State; and (5) obligations of the United States Government (U.S. Treasury Bills and Notes).

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 64.84% 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, thirty-eight (38) days after the April 1 deadline, the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal Aid Received by the State

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-26 preliminary building aid ratios, the District expects to receive State building aid of approximately 85.3% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

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 provides \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 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 allocates \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increases federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School District fiscal year (2023-2024): The State's 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 ensured a school district received 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 as follows:

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 table below illustrates the percentage of total revenues of the District comprised of State aid for each of the below fiscal years as follows:

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2019-20	\$ 25,575,238	\$ 16,172,708	63.23%
2020-21	25,528,081	15,886,622	62.23
2021-22	27,601,169	17,677,823	64.05
2022-23	28,372,160	18,254,263	64.34
2023-24	29,506,407	18,834,202	63.83
2024-25 (Budgeted)	30,998,432 ⁽¹⁾	19,947,232	64.35
2024-25 (Unaudited)	30,378,971	20,091,699	66.14
2025-26 (Budgeted)	31,837,132 ⁽¹⁾	20,642,415	64.84

⁽¹⁾ Includes appropriated fund balance.

Source: Audited Financial Statements for the 2019-20 through 2023-24 fiscal years, preliminary unaudited figures for the 2024-25 fiscal year, and adopted budgets for the 2024-25 and 2025-26 fiscal years (unaudited). The 2024-25 unaudited figures are preliminary and subject to change. This table is not audited.

District Facilities

The District currently operates the following facilities:

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year Built</u>
Junior-Senior High School	5-12	700	1963, '68, '00
Elementary Addition	PK-4	400	2021

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2020-21	975	2025-26	1,080
2021-22	960	2026-27	1,080
2022-23	1,048	2027-28	1,080
2023-24	1,060	2028-29	1,080
2024-25	1,047	2029-30	1,080

Source: District officials.

Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them, and the dates of expirations of the various collective bargaining agreements are as follows:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
111	South Lewis Teachers' Association	June 30, 2026
111	South Lewis Non-Teachers' Association (CSEA)	June 30, 2029

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, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the fiscal years 2020-2021 through 2024-2025 fiscal years and budgeted figures for the 2025-2026 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$ 441,408	\$ 750,699
2021-2022	402,819	763,486
2022-2023	410,867	806,344
2023-2024	511,917	877,740
2024-2025	610,478	844,165
2025-2026 (Budgeted)	590,800	897,775

Source: District officials.

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 a reserve fund.

Other Post-Employment Benefits

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

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

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

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

The District contracted with Aquarius Capital Inc. to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2023 and June 30, 2024. The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

	Balance beginning at:	June 30, 2022	June 30, 2023
		\$ 66,464,253	\$ 50,875,949
<u>Changes for the year:</u>			
Service cost		1,391,247	1,357,593
Interest		2,480,695	2,007,190
Differences between expected and actual experience		-	-
Changes in assumptions or other inputs		(18,133,608)	(4,300,627)
Benefit payments		(1,326,638)	(1,392,405)
Net Changes		\$ (15,588,304)	\$ (2,328,249)
	Balance ending at:	June 30, 2023	June 30, 2024
		\$ 50,875,949	\$ 48,547,700

Source: Audited Financial Statements of the District. The above table is not audited. For additional information see "APPENDIX – D" attached hereto.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved \$0 toward its OPEB liability.

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" to this Official Statement. Certain financial information of the District can also be found attached as Appendices to the Official Statement.

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

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

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

Anticipated Unaudited Results of Operations for Fiscal Year Ending June 30, 2025

Based on preliminary estimates, the District ended the fiscal year ending June 30, 2025 with an unappropriated unreserved fund balance of \$2,075,457.

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

Revenues:	\$ 30,378,971
Expenditures:	<u>30,374,096</u>
Excess (Deficit) Revenues Over Expenditures:	\$ 4,875
Beginning Fund Balance at June 30, 2024:	<u>\$ 2,070,582</u> ⁽¹⁾
Total Projected Fund Balance at June 30, 2025:	<u>\$ 2,075,457</u> ⁽¹⁾

⁽¹⁾ Represents unassigned fund balance only.

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

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New York State Comptroller Reports of Examination

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

The State Comptroller's office released an audit report of the District on July 30, 2021. The purpose of the audit was to determine whether District officials had prohibited interests in District contracts for the period July 1, 2019 through July 31, 2020.

Key Findings:

- The Board of Education members had prohibited interests in contracts that the District awarded totaling more than \$22 million.
 - Two Board of Education members were employed by corporations that were awarded contracts for the District's capital project. They both worked on the project as part of their private employment and the District paid \$3.2 million on the contracts during our audit period.
 - One Board of Education member co-owns a local hardware store that sold materials and supplies to the District totaling \$17,446.
 - Due to deficiencies in the District's conflict of interest disclosure forms and procedures for consulting with legal counsel when appropriate, the Board of Education members failed to acknowledge they had conflicts of interest, as required.

Key Recommendations:

- Ensure that District officials and employees follow the legal conflicts of interest requirements.
- Amend the conflict of interest disclosure form to ensure potential conflict of interests are adequately disclosed and addressed, and consult with legal counsel when appropriate.

The District provided a complete response to the State Comptroller's office on July 21, 2021. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Greig	\$ 222,249,954	\$ 226,258,674	\$ 226,391,661	\$ 227,239,028	\$ 231,065,742
Leyden	77,739,837	78,019,994	78,770,001	79,220,677	80,601,351
Lyonsdale	78,185,113	78,319,053	78,096,082	78,376,712	84,305,731
Martinsburg	29,862,406	30,519,184	31,068,219	32,781,142	50,272,028
Osceola	843,430	841,337	842,002	843,038	842,190
Turin	68,422,049	69,210,654	70,829,835	70,951,654	74,079,764
Watson	65,700,293	66,188,249	66,816,353	67,438,815	67,648,518
West Turin	132,462,349	133,612,539	135,729,957	138,601,770	139,281,119
Total Assessed Values	<u>\$ 675,465,431</u>	<u>\$ 682,969,684</u>	<u>\$ 688,544,110</u>	<u>\$ 695,452,836</u>	<u>\$ 728,096,443</u>

State Equalization Rates

Towns of:					
Greig	96.00%	97.00%	89.00%	74.50%	69.50%
Leyden	95.00%	95.00%	90.00%	79.00%	75.00%
Lyonsdale	81.00%	84.00%	72.00%	61.00%	58.00%
Martinsburg	92.50%	93.50%	86.64%	78.00%	100.00%
Osceola	97.00%	100.00%	95.00%	79.00%	75.50%
Turin	99.00%	100.00%	96.00%	85.00%	73.50%
Watson	100.00%	100.00%	92.00%	81.00%	75.50%
West Turin	92.00%	94.60%	89.00%	76.50%	68.00%
Total Taxable Full Valuation	<u>\$ 721,814,093</u>	<u>\$ 718,740,191</u>	<u>\$ 786,020,072</u>	<u>\$ 924,787,937</u>	<u>\$ 1,031,894,037</u>

Source: District officials.

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>
Towns of:					
Greig	\$ 12.72	\$ 13.05	\$ 12.87	\$ 14.12	\$ 13.43
Leyden	12.86	13.32	13.30	12.77	12.44
Lyonsdale	15.08	15.07	16.62	16.55	16.09
Martinsburg	13.20	13.53	13.81	12.94	9.33
Osceola	12.59	12.65	12.60	12.78	12.36
Turin	12.34	12.65	12.47	11.87	12.70
Watson	12.21	12.65	13.01	12.45	12.36
West Turin	13.28	13.38	13.45	13.19	13.72

Source: District officials.

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	\$ 8,817,029	\$ 9,101,819	\$ 9,279,304	\$ 9,373,034	\$ 9,628,637
Amount Uncollected ⁽¹⁾	1,167,065	1,193,213	1,200,000	1,253,000	1,258,043
% Uncollected	14.20%	13.11%	12.93%	13.37%	13.07%

⁽¹⁾ See "Tax Collection Procedure" herein.

Source: District officials.

Tax Collection Procedure

Property taxes for the District are collected by the District tax collector. Such taxes are due and payable on September 1, but may be paid without penalty by September 30. Penalties on unpaid taxes are 2% from October 1 through October 31.

On or about November 1, the tax collector files a report of any uncollected school taxes with the County. The County thereafter on or before April 30 pays to the District the amount of its uncollected taxes. Thus, the District receives its full levy prior to the end of its fiscal year.

Larger Taxpayers 2024 for 2024-2025 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
State of New York	State Land	\$ 58,222,651
National Grid	Utility	33,710,000
Iroquois Gas	Utility	27,994,700
Fortisus	Commercial	22,540,900
Marks Farm Partnership	Farm	18,637,100
Otis Products, Inc.	Commercial	7,770,500
Iroquois Gas Transmission	Utility	7,761,500
NYSEG	Utility	7,004,000
Northbrook	Farm	6,946,900
Empire Riverlands, LLC	Commercial	9,390,548

The larger taxpayers listed above have a total taxable assessed valuation of \$199,978,799, which represents 19.38% of the tax base of the School District for the 2024-2025 fiscal year.

As of the date of this Official Statement, the District currently does not have any pending or outstanding tax certioraris that are known to have a material impact on the District.

Source: District Tax Rolls.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Property Taxes and Tax Items</u>	<u>Percentage of Total Revenues Consisting of Property Taxes and Tax Items</u>
2019-20	\$ 25,575,238	\$ 8,815,385	34.47%
2020-21	25,528,081	8,904,613	34.88
2021-22	27,601,169	9,192,486	33.30
2022-23	28,372,160	9,368,700	33.02
2023-24	29,506,407	9,572,891	32.44
2024-25 (Budgeted)	30,998,432 ⁽¹⁾	9,628,637	31.06
2024-25 (Unaudited)	30,378,971	9,626,013	31.69
2025-26 (Budgeted)	31,837,132 ⁽¹⁾	9,837,138	30.90

⁽¹⁾ Includes appropriated fund balance.

Source: Audited Financial Statements for the 2019-20 through 2023-24 fiscal years, preliminary unaudited figures for the 2024-25 fiscal year, and adopted budgets for the 2024-25 and 2025-26 fiscal years (unaudited). The 2024-25 unaudited figures are preliminary and subject to change. This table is not audited.

Additional Tax Information

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

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

Total assessed valuation of the School District is estimated to be categorized as follows: 62% residential, 30% commercial, and 8% industrial.

The estimated total annual property tax bill of a \$75,000 market value residential property located in the District is approximately \$1,800 including County, Town and School District taxes.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. 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 \$107,300 or less in the 2025-2026 school year, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first \$86,100 of the full value of a home for the 2025-2026 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 "full value" exemption on their primary residence.

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

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

The below table lists the basic and enhanced exemption amounts for the 2025-26 fiscal year for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Greig	\$ 59,840	\$ 21,150	4/10/2025
Leyden	64,580	22,500	4/10/2025
Lyonsdale	49,940	17,760	4/10/2025
Martinsburg	93,130	33,260	4/10/2025
Osceola	65,010	22,650	4/10/2025
Turin	63,550	22,810	4/10/2025
Watson	65,010	22,650	4/10/2025
West Turin	58,550	21,150	4/10/2025

\$683,122 of the District's \$9,628,637 school tax levy for the 2024-25 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January, 2025

Approximately \$642,000 of the District's \$9,797,138 school tax levy for the 2025-2026 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.

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

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

Statutory Procedure

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

Debt Limit. Pursuant to the Local Finance Law, 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 constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

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

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

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

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The Board of Education, as the finance board of the School 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 School District, pursuant to the Local Finance Law.

Statutory law in the State also permits the School District to issue bond anticipation notes to be issued in anticipation of the issuance of serial bonds, which may be renewed each year, provided annual principal installments are made in the reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance date of such notes and provided that such renewals do not exceed five years beyond the original date of the issuance of such notes. (See “Payment and Maturity” under “Constitutional Requirements” herein, and “Details of Outstanding Indebtedness” herein).

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 8,812,250	\$ 7,526,485	\$ 39,192,178 ⁽¹⁾	\$ 37,315,528	\$ 35,045,951
Bond Anticipation Notes	15,000,000	33,000,000	0	0	0
Lease Purchase Obligations ⁽²⁾	<u>0</u>	<u>0</u>	<u>98,093</u>	<u>83,232</u>	<u>99,510</u>
Total Debt Outstanding	<u>\$ 23,812,250</u>	<u>\$ 40,526,485</u>	<u>\$ 39,290,271</u>	<u>\$ 37,398,760</u>	<u>\$ 35,145,461</u>

⁽¹⁾ On June 15, 2022, the District issued \$32,980,000 serial bonds issued through DASNY to fund the District's Capital Project and redeem a portion of the District's \$36,490,000 bond anticipation notes which matured on July 29, 2022. The bonds are included in the total above.

⁽²⁾ In 2022, the District implemented GASB Statement No. 87 for accounting and reporting leases. GASB Statement No. 87 requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with the recognition of inflows and outflows of resources, as applicable. These leases do not constitute general obligation debt of the District. See "Lease Obligations" herein.

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

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of June 26, 2025.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount Outstanding</u>
<u>Bonds</u>	2026-2041	\$ 32,653,524
<u>Bond Anticipation Notes</u>	N/A	<u>0</u>
Total Indebtedness		<u>\$ 32,653,524</u>

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

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of June 26, 2025:

Full Valuation of Taxable Real Property	\$1,031,894,037
Debt Limit – 10% thereof	103,189,403

Inclusions:

Bonds	\$ 32,653,524
Bond Anticipation Notes (BANs):	<u>0</u>
Total Inclusions prior to issuance of the Notes	<u>32,653,524</u>
Less: BANs being redeemed from appropriations	0
Add: New money proceeds of the Notes	<u>15,000,000</u>
Total Net Inclusions after issuance of the Notes	<u>\$ 47,653,524</u>

Exclusions:

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

Total Net Indebtedness \$ 47,653,524

Net Debt-Contracting Margin \$ 55,535,879

The percent of debt contracting power exhausted is 46.18%

⁽¹⁾ Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 85.3% 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.

Notes: 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. The figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District, and to the extent same is includable in the debt limit.

Bonded Debt Service

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

Cash Flow Borrowings

The School District has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past, and has no future plans to do so.

Capital Project Plans

The District issues bonds annually for the purchase of buses. On May 20, 2025, District voters approved a proposition in the amount of \$777,221 for this purpose.

On October 12, 2023 the qualified voters of the District approved a \$28,995,900 referendum for a capital improvement project consisting of renovations and improvements to District facilities. The District is authorized to use \$5,200,000 from its capital reserve fund. The balance of the cost will be funded through the issuance of bond anticipation notes and serial bonds. The issuance of the Notes will represent the first borrowing against this authorization.

Other than as noted above, there are currently no other capital projects authorized nor are any contemplated at this time by the District.

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> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Lewis	6/28/2024 ⁽³⁾	\$ 53,150,000	\$ -	\$ 53,150,000	37.09%	\$ 19,713,335
Town of:						
Greig	12/31/2023 ⁽⁴⁾	827,880	- ⁽⁵⁾	827,880	98.56%	815,958
Leyden	12/31/2023 ⁽⁴⁾	-	- ⁽⁵⁾	-	74.09%	-
Lyonsdale	12/31/2023 ⁽⁴⁾	91,852	- ⁽⁵⁾	91,852	96.11%	88,279
Martinsburg	12/31/2023 ⁽⁴⁾	1,744,983	- ⁽⁵⁾	1,744,983	33.02%	576,193
Osceola	12/31/2022 ⁽⁴⁾	-	- ⁽⁵⁾	-	1.68%	-
Turin	12/31/2023 ⁽⁴⁾	93,267	- ⁽⁵⁾	93,267	89.19%	83,185
Watson	12/31/2023 ⁽⁴⁾	4,223,500	- ⁽⁵⁾	4,223,500	31.31%	1,322,378
West Turin	12/31/2023 ⁽⁴⁾	292,410	- ⁽⁵⁾	292,410	98.38%	287,673
Village of:						
Turin	5/31/2024 ⁽⁴⁾	146,655	- ⁽⁵⁾	146,655	100.00%	\$ 146,655.0
Total:						<u>\$ 23,033,657</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 26, 2025.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 47,653,524	\$ 7,068.16	4.62%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	70,687,181	10,484.60	6.85

(a) The 2023 estimated population of the District is 6,742. (See "THE SCHOOL DISTRICT – Population" herein.)

(b) The District's full value of taxable real estate for the 2024-2025 fiscal year is \$1,031,894,037. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

(d) The District's estimated share of Net Overlapping Indebtedness is \$23,033,657. (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

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 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.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. 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 or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

The Federal Bankruptcy Code allows public bodies such as the District 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 to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While the provisions of the Local Finance Law do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

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."

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

Cybersecurity

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

TAX MATTERS

In the opinion of Trespasz Law Offices, LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. Bond Counsel is further of the opinion that interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. Interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The 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 District has covenanted to comply with certain restrictions designed to ensure 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. Proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

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

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of its affairs, including the receipt of a notice of claim for a student's playground fall and injuries. The District does not believe 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 Notice of certain Material Events, the description of which is attached hereto as "APPENDIX – C".

Historical Compliance

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

CUSIP IDENTIFICATION NUMBERS

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

RATINGS

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

S&P has assigned its issuer credit rating of "A+" with a stable outlook to the District. The rating reflects only the view of S&P, and any explanation of the significance of such rating may be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, 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 rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the District's outstanding serial bonds may have an adverse effect on the market price of the outstanding bonds or the issuance of the Notes.

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Deborah J. Domagala, Business Administrator, South Lewis Central School District, 4264 Co. Rd. 43, P.O. Box 10, Turin, New York 13473, Phone: (315) 348-2503, Email: ddomagala@southlewis.org.

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

SOUTH LEWIS CENTRAL SCHOOL DISTRICT

Dated: June 26, 2025

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

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 3,268,016	\$ 4,957,746	\$ 2,645,928	\$ 3,030,137	\$ 3,417,772
Restricted Cash	612,759	1,589,541	4,974,213	6,406,441	1,291,403
State and Federal Aid Receivable	1,362,960	740,662	2,070,486	-	-
Due from Other Funds	305,197	200,383	115,373	295,966	399,022
Due from Other Governments	-	-	-	657,653	693,474
Due from Fiduciary Funds	8	-	-	-	-
Other Receivables	21,839	6,621	17,709	8,673	13,212
	<u>21,839</u>	<u>6,621</u>	<u>17,709</u>	<u>8,673</u>	<u>13,212</u>
TOTAL ASSETS	<u>\$ 5,570,779</u>	<u>\$ 7,494,953</u>	<u>\$ 9,823,709</u>	<u>\$ 10,398,870</u>	<u>\$ 5,814,883</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 29,296	\$ 54,880	\$ 105,026	\$ 36,783	\$ 47,867
Accrued Liabilities	1,471	198,765	231,245	279,706	380,965
Revenue Anticipation Notes	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Teachers' Retirement System	758,711	811,628	875,161	955,853	932,805
Due to Employees' Retirement System	137,778	154,332	133,410	155,338	197,329
Compensated Absences	-	-	-	-	-
Overpayments	-	-	-	-	-
Deferred State Aid	214,424	-	-	-	-
	<u>214,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 1,141,680</u>	<u>\$ 1,219,605</u>	<u>\$ 1,344,842</u>	<u>\$ 1,427,680</u>	<u>\$ 1,558,966</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ 17,000	\$ -	\$ -
Restricted	612,759	1,589,541	4,974,213	6,406,441	1,291,403
Assigned	1,388,965	777,435	827,889	896,515	893,932
Unassigned	2,427,375	3,908,372	2,659,765	1,668,234	2,070,582
	<u>2,427,375</u>	<u>3,908,372</u>	<u>2,659,765</u>	<u>1,668,234</u>	<u>2,070,582</u>
TOTAL FUND EQUITY	<u>4,429,099</u>	<u>6,275,348</u>	<u>8,478,867</u>	<u>8,971,190</u>	<u>4,255,917</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 5,570,779</u>	<u>\$ 7,494,953</u>	<u>\$ 9,823,709</u>	<u>\$ 10,398,870</u>	<u>\$ 5,814,883</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>
REVENUES					
Real Property Taxes and Other Tax Items	\$ 8,654,804	\$ 8,815,385	\$ 8,904,613	\$ 9,192,486	\$ 9,368,700
Charges for Services	132,578	60,093	35,640	105,820	124,978
Use of Money & Property	134,918	83,281	15,440	27,335	383,365
Sale of Property and					
Compensation for Loss	17,047	29,960	37,289	353,133	25,679
Miscellaneous	317,360	328,851	286,963	170,576	158,493
Revenues from State Sources	15,624,204	16,172,708	15,886,622	17,677,823	18,252,905
Revenues from Federal Sources	99,485	84,960	361,814	73,996	58,040
Total Revenues	<u>\$ 24,980,396</u>	<u>\$ 25,575,238</u>	<u>\$ 25,528,381</u>	<u>\$ 27,601,169</u>	<u>\$ 28,372,160</u>
Other Sources:					
Interfund Transfers	<u>751,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 25,731,806</u>	<u>\$ 25,575,238</u>	<u>\$ 25,528,381</u>	<u>\$ 27,601,169</u>	<u>\$ 28,372,160</u>
EXPENDITURES					
General Support	\$ 2,875,950	\$ 3,444,752	\$ 3,246,979	\$ 3,170,038	\$ 3,397,708
Instruction	12,201,743	11,922,024	11,416,709	11,214,081	12,085,041
Pupil Transportation	1,343,727	1,357,439	1,199,198	1,538,239	1,563,838
Community Services	3,207	-	-	-	-
Employee Benefits	5,577,942	5,599,206	5,664,732	5,614,824	6,068,802
Debt Service	1,989,462	1,994,715	1,997,922	3,731,874	4,650,843
Total Expenditures	<u>\$ 23,992,031</u>	<u>\$ 24,318,136</u>	<u>\$ 23,525,540</u>	<u>\$ 25,269,056</u>	<u>\$ 27,766,232</u>
Other Uses:					
Interfund Transfers	<u>2,569,245</u>	<u>416,416</u>	<u>156,592</u>	<u>128,594</u>	<u>113,605</u>
Total Expenditures and Other Uses	<u>\$ 26,561,276</u>	<u>\$ 24,734,552</u>	<u>\$ 23,682,132</u>	<u>\$ 25,397,650</u>	<u>\$ 27,879,837</u>
Excess (Deficit) Revenues Over Expenditures	<u>(829,470)</u>	<u>840,686</u>	<u>1,846,249</u>	<u>2,203,519</u>	<u>492,323</u>
FUND BALANCE					
Fund Balance - Beginning of Year	4,493,343	3,588,413	4,429,099	6,275,348	8,478,867
Prior Period Adjustments (net)	<u>(75,460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 3,588,413</u>	<u>\$ 4,429,099</u>	<u>\$ 6,275,348</u>	<u>\$ 8,478,867</u>	<u>\$ 8,971,190</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2024			2025	2026
	Original Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes & Tax Items	\$ 9,463,034	\$ 9,560,035	\$ 9,572,891	\$ 9,628,637	\$ 9,837,138
Charges for Services	-	96,000	154,003	-	60,000
Use of Money & Property	-	85,500	422,408	-	160,000
Sale of Property and Compensation for Loss	-	7,500	9,557	-	7,500
Miscellaneous	673,000	202,000	353,763	600,847	255,000
Revenues from State Sources	18,877,200	18,877,199	18,834,202	19,947,232	20,642,415
Revenues from Federal Sources	-	60,000	34,583	-	60,000
Total Revenues	<u>\$ 29,013,234</u>	<u>\$ 28,888,234</u>	<u>\$ 29,381,407</u>	<u>\$ 30,176,716</u>	<u>\$ 31,022,053</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 29,013,234</u>	<u>\$ 29,013,234</u>	<u>\$ 29,506,407</u>	<u>\$ 30,176,716</u>	<u>\$ 31,022,053</u>
EXPENDITURES					
General Support	\$ 3,564,251	\$ 3,569,430	\$ 3,215,174	\$ 3,601,668	\$ 3,700,005
Instruction	13,569,369	13,591,432	12,842,839	14,247,848	15,077,576
Pupil Transportation	1,555,122	1,575,528	1,514,040	2,073,969	1,681,146
Community Services	8,000	-	-	8,000	8,000
Employee Benefits	6,181,487	6,241,343	6,168,011	6,477,447	7,082,826
Debt Service	4,791,321	4,802,996	4,890,332	4,419,500	4,117,579
Total Expenditures	<u>\$ 29,669,550</u>	<u>\$ 29,780,729</u>	<u>\$ 28,630,396</u>	<u>\$ 30,828,432</u>	<u>\$ 31,667,132</u>
Other Uses:					
Interfund Transfers	<u>230,000</u>	<u>5,593,065</u>	<u>5,591,284</u>	<u>170,000</u>	<u>170,000</u>
Total Expenditures and Other Uses	<u>\$ 29,899,550</u>	<u>\$ 35,373,794</u>	<u>\$ 34,221,680</u>	<u>\$ 30,998,432</u>	<u>\$ 31,837,132</u>
Excess (Deficit) Revenues Over Expenditures	<u>(886,316)</u>	<u>(6,360,560)</u>	<u>(4,715,273)</u>	<u>(821,716)</u>	<u>(815,079)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	886,316	6,360,560	8,971,190	821,716	815,079
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,255,917</u>	<u>\$ -</u>	<u>\$ -</u>

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

APPENDIX - B
South Lewis CSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	\$ 3,155,951	\$ 1,719,352	\$ 4,875,303
2026	2,513,524	1,604,054	4,117,578
2027	1,785,000	1,481,514	3,266,514
2028	1,785,000	1,400,171	3,185,171
2029	1,790,000	1,316,691	3,106,691
2030	1,710,000	1,233,844	2,943,844
2031	1,625,000	1,153,500	2,778,500
2032	1,705,000	1,072,250	2,777,250
2033	1,790,000	987,000	2,777,000
2034	1,880,000	897,500	2,777,500
2035	1,975,000	803,500	2,778,500
2036	2,070,000	704,750	2,774,750
2037	2,175,000	601,250	2,776,250
2038	2,285,000	492,500	2,777,500
2039	2,400,000	378,250	2,778,250
2040	2,520,000	258,250	2,778,250
2041	2,645,000	132,250	2,777,250
TOTALS	\$ 35,809,475	\$ 16,236,626	\$ 52,046,101

Notes:

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

The table above includes indebtedness for a bond of the District which had debt service due in the current fiscal year, however is no longer outstanding as of the date of this Official Statement. Said bond is omitted from "APPENDIX - B1."

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2024 Buses			2024 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ -	\$ -	\$ -	\$ 125,951	\$ 26,710	\$ 152,661
2026	133,524	33,272	166,796	135,000	19,581	154,581
2027	150,000	20,813	170,813	140,000	14,338	154,338
2028	155,000	15,094	170,094	145,000	8,816	153,816
2029	160,000	9,188	169,188	155,000	3,003	158,003
2030	165,000	3,094	168,094	-	-	-
TOTALS	\$ 763,524	\$ 81,460	\$ 844,984	\$ 700,951	\$ 72,448	\$ 773,399
Fiscal Year Ending June 30th	2022 Buses			2021 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 75,000	\$ 9,148	\$ 84,148	\$ 75,000	\$ 1,925	\$ 76,925
2026	75,000	7,010	82,010	75,000	1,175	76,175
2027	80,000	4,464	84,464	80,000	400	80,400
2028	80,000	1,512	81,512	-	-	-
TOTALS	\$ 310,000	\$ 22,134	\$ 332,134	\$ 230,000	\$ 3,500	\$ 233,500
Fiscal Year Ending June 30th	2020 Buses			2017 DASNY Refunding		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 75,000	\$ 1,500	\$ 76,500	\$ 1,530,000	\$ 114,000	\$ 1,644,000
2026	75,000	516	75,516	750,000	37,500	787,500
TOTALS	\$ 150,000	\$ 2,016	\$ 152,016	\$ 2,280,000	\$ 151,500	\$ 2,431,500
Fiscal Year Ending June 30th	2022 DASNY					
	Principal	Interest	Total			
2025	\$ 1,210,000	\$ 1,565,500	\$ 2,775,500			
2026	1,270,000	1,505,000	2,775,000			
2027	1,335,000	1,441,500	2,776,500			
2028	1,405,000	1,374,750	2,779,750			
2029	1,475,000	1,304,500	2,779,500			
2030	1,545,000	1,230,750	2,775,750			
2031	1,625,000	1,153,500	2,778,500			
2032	1,705,000	1,072,250	2,777,250			
2033	1,790,000	987,000	2,777,000			
2034	1,880,000	897,500	2,777,500			
2035	1,975,000	803,500	2,778,500			
2036	2,070,000	704,750	2,774,750			
2037	2,175,000	601,250	2,776,250			
2038	2,285,000	492,500	2,777,500			
2039	2,400,000	378,250	2,778,250			
2040	2,520,000	258,250	2,778,250			
2041	2,645,000	132,250	2,777,250			
TOTALS	\$ 31,310,000	\$ 15,903,000	\$ 47,213,000			

MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
LEWIS COUNTY, NEW YORK**

**GENERAL PURPOSE FINANCIAL
STATEMENTS**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2024

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

SOUTH LEWIS CENTRAL
SCHOOL DISTRICT

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2024

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
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D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

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315-336-9220 Fax: 315-336-0836

Independent Auditor's Report

Board of Education
South Lewis Central School District

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Lewis 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 South Lewis Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the South Lewis 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 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 South Lewis Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2024, on our consideration of the South Lewis 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 South Lewis 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 South Lewis Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 15, 2024

Rome, New York

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

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

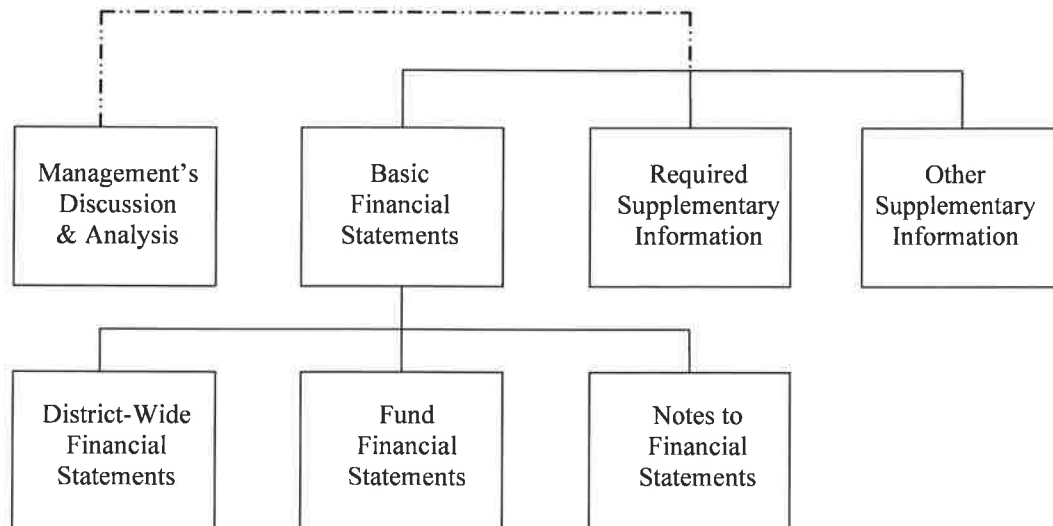
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024, are as follows:

- The District's total liabilities and deferred inflows exceeded its assets and deferred outflows at the close of the fiscal year by \$26,615,256 (total Net Position (Deficit)). This represents a increase of \$976,276 from the prior year's Net Position.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$31,996,689. Of this amount, \$252,052 and \$3,087,917 was offset by program charges for services and operating grants. General revenues of \$29,632,996 amounts to 89.9% of total revenues.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 15 and 17, decreased by \$4,715,273 to \$4,255,917. This was due to excess of revenues over expenditures based on the modified accrual basis of accounting.
- State and federal revenue increased by \$557,840 to \$18,868,785. This is mainly due to increases in Basic State Aid during the current year.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



See Independent Auditor's Report.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

A. District-wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

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

Governmental Funds

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

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

The School District maintains six individual governmental funds, general fund, school lunch fund, special aid fund, miscellaneous special revenue, debt service fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The School District's total net position increased \$976,276 between fiscal year 2024 and 2023. A summary of the School District's Statement of Net Position at June 30, 2024 and 2023 is as follows:

	2024	2023	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 11,647,290	\$ 11,231,906	\$ 415,384	3.7%
Right to Use Leased Assets, Net	112,778	92,832	19,946	21.5%
Capital Assets, Net	<u>57,984,925</u>	<u>58,292,545</u>	<u>(307,620)</u>	(0.5%)
Total Assets	<u>69,744,993</u>	<u>69,617,283</u>	<u>127,710</u>	0.2%
Deferred Outflows of Resources				
OPEB	7,638,244	10,128,728	(2,490,484)	(24.6%)
Pensions	<u>5,291,873</u>	<u>6,570,899</u>	<u>(1,279,026)</u>	(19.5%)
Total Deferred Outflows of Resources	<u>12,930,117</u>	<u>16,699,627</u>	<u>(3,769,510)</u>	(22.6%)
Non-Current Liabilities	89,211,334	95,042,618	(5,831,284)	(6.1%)
Current and Other Liabilities	<u>1,646,297</u>	<u>1,537,146</u>	<u>109,151</u>	7.1%
Total Liabilities	<u>90,857,631</u>	<u>96,579,764</u>	<u>(5,722,133)</u>	(5.9%)
Deferred Inflows of Resources				
OPEB	17,217,788	16,840,598	377,190	2.2%
Pensions	<u>1,214,947</u>	<u>488,080</u>	<u>726,867</u>	148.9%
Total Deferred Inflows of Resources	<u>18,432,735</u>	<u>17,328,678</u>	<u>1,104,057</u>	6.4%
Net Position				
Net Investment in Capital Assets	25,238,456	18,297,948	6,940,508	37.9%
Restricted	6,824,099	6,957,047	(132,948)	(1.9%)
Unrestricted (Deficit)	<u>(58,677,811)</u>	<u>(52,846,527)</u>	<u>(5,831,284)</u>	(11.0%)
Total Net Position (Deficit)	<u>\$ (26,615,256)</u>	<u>\$ (27,591,532)</u>	<u>\$ 976,276</u>	3.5%

Current and other assets increased by \$415,384, as compared to the prior year primarily due to fluctuation in cash, restricted cash and cash equivalents.

Right to Use Leased assets increased by \$19,946 as compared to the prior year due to lease additions exceeding the amortization expense in the current year. Note 6 to the Financial Statements provides additional information.

Capital assets decreased by \$307,620 as compared to the prior year. This decrease is primarily due to the depreciation expense exceeding amounts expended for capital assets in the current year. Note 6 to the Financial Statements provides additional information.

Deferred Outflows of Resources decreased by \$3,769,510, as compared to the prior year, primarily due to changes in actuarial assumptions used in estimating the OPEB liability and the net pension asset/ liability.

Non-Current liabilities decreased by \$5,831,284 which is primarily due to the net decrease in the liability for post-employment benefits of \$2,328,249, and a decrease in the District's proportionate share of the net pension liability of \$972,700, as reported by the retirement systems. In addition, there were principal payments made on the serial bonds in the current year of \$2,970,528 and issuance of a new serial bond of \$700,951.

Current and Other liabilities increased by \$109,151, as compared to the prior year. The primary reason for the increase was an increase in accounts payable and accrued liabilities of \$137,930 and an increase in amounts due to the Employees' Retirement System of \$41,991, offset by a decrease in amount due to the Teachers' Retirement System of \$23,048 and a decrease in retainage payable of \$43,678.

See Independent Auditor's Report.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

Deferred Inflows of Resources increased by \$1,104,057, as compared to the prior year, as a result of changes in the assumptions used and the effect of differences between actual and expected experience when estimating the OPEB liability, as well as the net pension liability, as reported by the retirement systems.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions and leases, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase or lease vehicles, equipment and furniture to support District operations.

The restricted portion of net position at June 30, 2024, is comprised of amounts with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Note 1 to the Basic Financial Statements provides further descriptions and detailed balances.

The unrestricted (deficit) portion of net position in the amount of \$58,677,811 at June 30, 2024, represents the amount by which the School District's liabilities and deferred inflows exceeded its assets and deferred outflows (excluding capital assets net of related debt and restricted assets). This deficit is primarily the result of the required accrual of post-retirement benefits in accordance with GASB 75 of \$48,547,700 at June 30, 2024.

Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other real property tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2024 and 2023 is as follows:

Revenues	2024	2023	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	\$ 252,052	\$ 228,026	\$ 24,026	10.5%
Operating Grants	3,087,917	3,439,128	(351,211)	(10.2%)
General Revenues				
Property Taxes and STAR	9,572,891	9,368,700	204,191	2.2%
State and Federal Sources	18,868,785	18,310,945	557,840	3.0%
Other	<u>1,191,320</u>	<u>697,309</u>	<u>494,011</u>	70.8%
Total Revenues	<u>32,972,965</u>	<u>32,044,108</u>	<u>928,857</u>	2.9%
Expenses				
General Support	5,197,234	6,432,876	(1,235,642)	(19.2%)
Instruction	21,173,901	20,426,455	747,446	3.7%
Pupil Transportation	2,789,400	2,502,996	286,404	11.4%
Debt Service-Unallocated Interest	1,614,170	1,964,600	(350,430)	(17.8%)
Food Service Program	<u>1,221,984</u>	<u>1,208,410</u>	<u>13,574</u>	1.1%
Total Expenses	<u>31,996,689</u>	<u>32,535,337</u>	<u>(538,648)</u>	(1.7%)
Total Change in Net Position (Deficit)	<u>\$ 976,276</u>	<u>\$ (491,229)</u>	<u>\$ 1,467,505</u>	

The School District's revenues increased by 2.9% in 2024 or a net amount of \$928,857. The major components that contributed to the net increase were:

- State and federal sources increased by \$557,840, due to increases in basic state aid.
- Other revenues increased by \$494,011 due to an increase in interest and earnings of \$204,533 and an increase in refund of prior year expense and unclassified revenue of \$193,601.
- Operating Grants decreased by \$351,211 due to a decrease in Education Stabilization Funding of \$503,723, offset by increases in school lunch reimbursements and various other grant funding sources.

The School District's expenses for the year increased by \$538,648 or 1.7%. The overall decrease was primarily due to the decrease in pension expense and other postemployment benefits expense, as discussed in Note 8 and Note 9 of the financial statements.

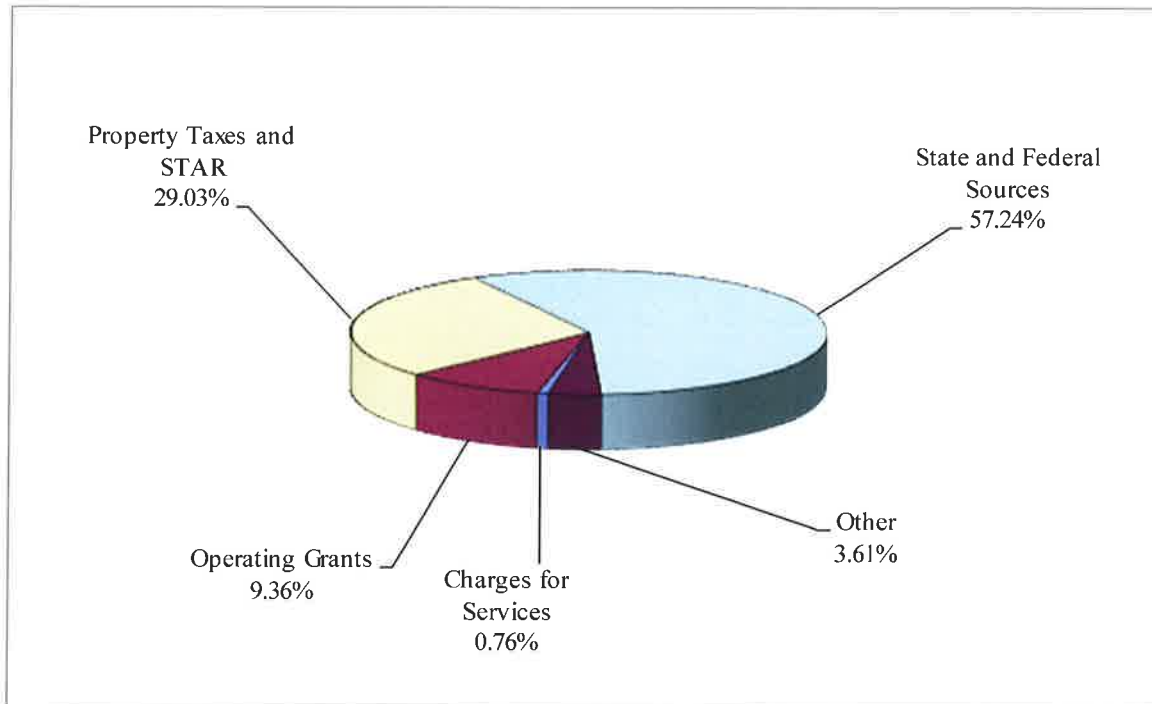
See Independent Auditor's Report.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

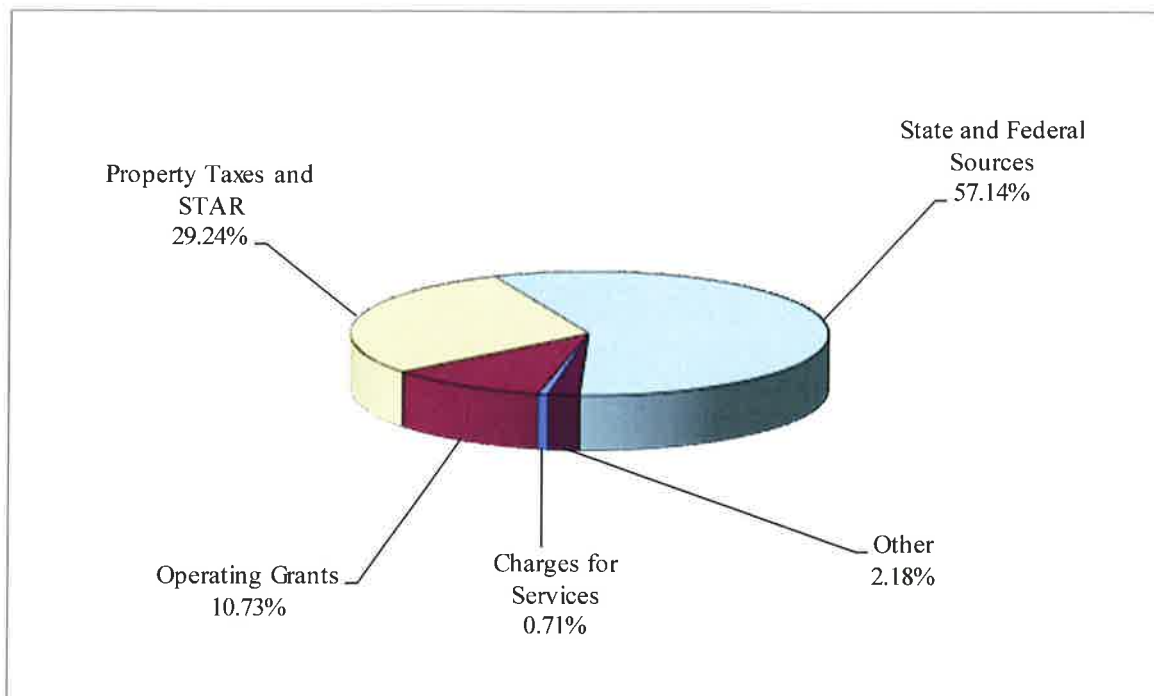
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A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2024



For the Year Ended June 30, 2023



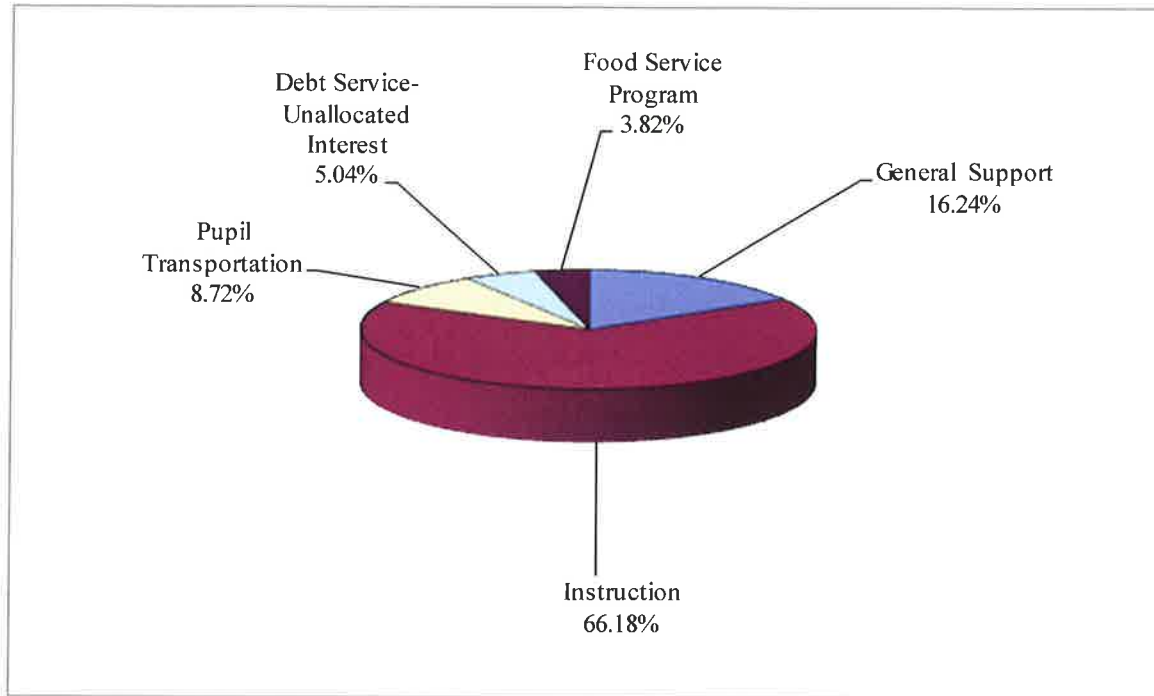
See Independent Auditor's Report.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

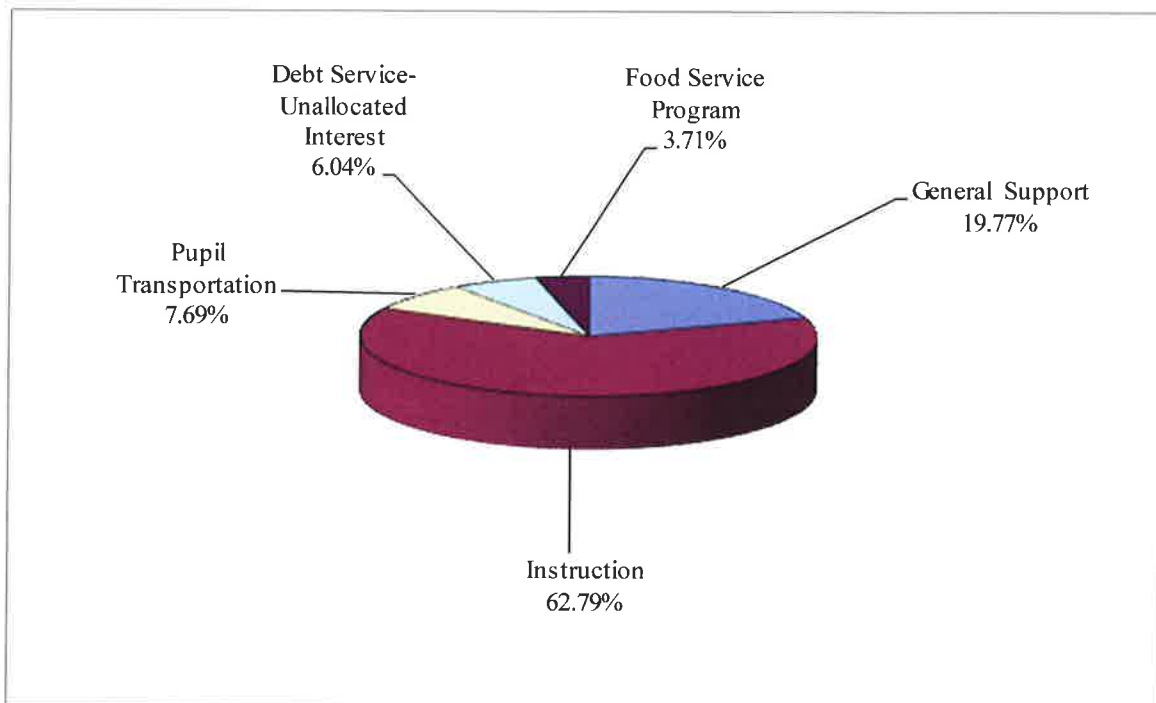
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A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2024



For the Year Ended June 30, 2023



See Independent Auditor's Report.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2024, the School District's governmental funds reported a combined fund balance of \$10,073,866, which is an increase of \$340,522 from the prior year's combined fund balance of \$9,733,344. A summary of the change in fund balance by fund is as follows:

	2024	2023	Increase (Decrease)
General Fund			
Nonspendable			
Restricted			
Liability & Casualty	\$ 72,612	\$ 68,915	\$ 3,697
Unemployment Insurance	186,467	176,973	9,494
Employee Benefit Accrued Liability	408,454	408,017	437
Retirement Contribution - ERS	281,102	266,790	14,312
Retirement Contribution - TRS	268,554	254,882	13,672
Capital Reserve		5,160,428	(5,160,428)
Repairs	74,214	70,436	3,778
Total Restricted	<u>1,291,403</u>	<u>6,406,441</u>	<u>(5,115,038)</u>
Assigned			
Encumbrances	72,216	10,199	62,017
Designated for Subsequent Year's Expenditures	821,716	886,316	(64,600)
Total Assigned	<u>893,932</u>	<u>896,515</u>	<u>(2,583)</u>
Unassigned	<u>2,070,582</u>	<u>1,668,234</u>	<u>402,348</u>
Total General Fund	<u>4,255,917</u>	<u>8,971,190</u>	<u>(4,715,273)</u>
School Lunch Fund			
Nonspendable	31,102	28,001	3,101
Assigned	<u>254,151</u>	<u>183,547</u>	<u>70,604</u>
Total School Lunch Fund	<u>285,253</u>	<u>211,548</u>	<u>73,705</u>
Miscellaneous Special Revenue Fund			
Restricted	<u>416,806</u>	<u>408,009</u>	<u>8,797</u>
Debt Service Fund			
Restricted	<u>384,177</u>	<u>15,754</u>	<u>368,423</u>
Capital Projects Fund			
Restricted	<u>4,731,713</u>	<u>126,843</u>	<u>4,604,870</u>
 Total Fund Balance - All Funds	 <u>\$ 10,073,866</u>	 <u>\$ 9,733,344</u>	 <u>\$ 340,522</u>

See Independent Auditor's Report.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2023-2024 Budget

The School District's general fund adopted budget for the year ended June 30, 2024, was \$29,899,550. This is an increase of \$1,359,448 over the prior year's adopted budget. The budget was funded through a combination of revenues and assigned fund balance. The majority of this funding source was \$9,560,034 in estimated property taxes and STAR and State and Federal Aid in the amount of \$18,937,200.

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

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

Opening, Unassigned Fund Balance	\$ 1,668,234
Revenues and Other Financing Sources Under Budget	(4,970,872)
Expenditures and Encumbrances Under Budget	1,079,898
Net Decrease to Restricted Funds	5,115,038
Appropriated Fund Balance included in the June 30, 2025 Budget	<u>(821,716)</u>
Closing, Unassigned Fund Balance	<u>\$ 2,070,582</u>

Opening, Unassigned Fund Balance

The \$1,668,234 opening unassigned fund balance is the portion of the District's June 30, 2023, fund balance that was retained as unassigned. This was 5.58% of the School District's 2023-2024 approved operating budget.

Revenues and Other Financing Sources Under Budget

The 2023-2024 final budget for revenues was \$34,477,279. The actual revenues received for the year were \$29,506,407. The actual revenue under the budgeted revenue was \$4,970,872. This variance contributes directly to the change in the unassigned portion of the general fund balance from June 30, 2023 to June 30, 2024.

Expenditures and Encumbrances Under Budget

The 2023-2024 final budget for expenditures and other financing uses was \$35,373,794. The actual expenditures and encumbrances were \$34,293,896. The final budget was under expended by \$1,079,898. This under expenditure contributes to the change in the unassigned portion of the general fund balance and transfers to other funds from June 30, 2023 to June 30, 2024.

Net Decrease to Restricted Funds

The School District decreased restricted funds by \$5,115,038 as detailed in Note 11 of the financial statements. The decrease contributes directly to the change in the unassigned portion of the general fund balance from June 30, 2023 to June 30, 2024.

Appropriated Fund Balance Included in the June 30, 2025 Budget

The District's 2024-2025 final budget included appropriated fund balance of \$821,716 to partially fund its operations.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the School District will begin the 2024-2025 fiscal year with an unassigned fund balance of \$2,070,582. This is a decrease of \$402,348 from the unassigned balance as of June 30, 2023. This is 6.68% of the School District's 2024-2025 approved operating budget.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

C. Capital and Right to Use Leased Assets

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

	2024	2023	Increase (Decrease)
Land	\$ 226,700	\$ 226,700	\$
Construction in Progress	759,861		759,861
Buildings and Improvements	54,037,655	55,549,463	(1,511,808)
Equipment and Furniture	2,960,709	2,516,382	444,327
Intangible Lease Assets - Equipment	112,778	92,832	19,946
Capital Assets, Net	<u>\$ 58,097,703</u>	<u>\$ 58,385,377</u>	<u>\$ (287,674)</u>

D. Debt Administration

At June 30, 2024, the District had total bonds of \$35,045,951. A summary of outstanding bonds at June 30, 2024 and 2023, is as follows:

Issue Date	Interest Rate	2024	2023	Increase (Decrease)
11/9/17	2.0-5.0	\$ 2,280,000	\$ 3,750,000	\$ (1,470,000)
09/19/18	2.25-2.75		65,000	(65,000)
09/9/19	1.625-1.750	65,000	130,000	(65,000)
09/15/20	1.250-1.375	150,000	220,000	(70,000)
09/15/21	1.0	230,000	305,000	(75,000)
06/15/22	5.0	31,310,000	32,465,000	(1,155,000)
9/15/22	2.5-3.78%	310,000	380,528	(70,528)
03/15/24	3.75-3.875%	700,951		700,951
		<u>\$ 35,045,951</u>	<u>\$ 37,315,528</u>	<u>\$ (2,269,577)</u>

6. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

South Lewis Central School is a rural, high needs district that relies upon State Aid for revenue. The current Rockefeller Institute Foundation Aid formula hearings bring forth a sense of uncertainty as to the funding level that Districts will realize in the upcoming school year.

Employee benefit contributions, including ERS, TRS, and group health insurance continue to increase, affecting the overall expenditures of the budget. As well, the cost of goods and services continues to rise in response to the economic climate.

The District successfully passed a Capital Improvement Project proposition in October, 2023. This project has been submitted to NYSED for approval and work is slated to begin at the end of the 2024-25 school year and continue for a period of 24 to 36 months.

The 2024-2025 General Fund budget contains a 3.68% total spending increase over the 2023-2024 school year.

7. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at:

South Lewis Central School District
4264 East Road
P.O. Box 10
Turin, NY 13473

See Independent Auditor's Report.

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

Assets	
Cash and Cash Equivalents	\$ 3,679,417
Restricted Cash and Cash Equivalents	6,823,099
Receivables	
Due From Other Governments	693,474
Other Receivables	420,198
Inventory	31,102
Right to Use Leased Assets, Net of Amortization	112,778
Capital Assets Not Being Depreciated	986,561
Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>56,998,364</u>
Total Assets	<u>69,744,993</u>
Deferred Outflows of Resources	
Other Postemployment Benefits	7,638,244
Pensions	<u>5,291,873</u>
Total Deferred Outflows of Resources	<u>12,930,117</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 82,675,110</u>
Liabilities	
Accounts Payable	\$ 55,867
Accrued Liabilities	455,886
Due To	
Other Governments	46
Teachers' Retirement System	932,805
Employees' Retirement System	197,329
Unearned Revenue	4,364
Long-term Liabilities	
Due Within One Year	
Bonds Payable	3,155,951
Premium on Bond	246,512
Lease Liability	40,291
Due in More Than One Year	
Bonds Payable	31,890,000
Premium on Bond	2,370,564
Lease Liability	59,219
Other Postemployment Benefits	48,547,700
Net Pension Liability -Proportionate Share	2,384,302
Compensated Absences	<u>516,795</u>
Total Liabilities	<u>90,857,631</u>
Deferred Inflows of Resources	
Other Postemployment Benefits	17,217,788
Pension	<u>1,214,947</u>
Total Deferred Inflows of Resources	<u>18,432,735</u>
Total Liabilities and Deferred Inflow of Resources	<u>109,290,366</u>
Net Position	
Net Investment in Capital Assets	25,238,456
Restricted	6,824,099
Unrestricted (Deficit)	<u>(58,677,811)</u>
Total Net Position (Deficit)	<u>(26,615,256)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Assets	<u>\$ 82,675,110</u>

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

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
General Support	\$ 5,197,234	\$	\$	\$ (5,197,234)
Instruction	21,173,901	154,003	1,997,237	(19,022,661)
Pupil Transportation	2,789,400			(2,789,400)
Debt Service - Unallocated Interest	1,614,170			(1,614,170)
Food Service Program	1,221,984	98,049	1,090,680	(33,255)
Total Functions/Programs	<u>\$ 31,996,689</u>	<u>\$ 252,052</u>	<u>\$ 3,087,917</u>	<u>(28,656,720)</u>
General Revenues				
Real Property Taxes				8,738,317
Other Real Property Tax Items				834,574
Use of Money and Property				673,073
Sale of Property and Compensation for Loss				(69,776)
State and Federal Sources				18,868,785
Miscellaneous				<u>588,023</u>
Total General Revenues				<u>29,632,996</u>
Change in Net Position				<u>976,276</u>
Net Position (Deficit), Beginning of Year				<u>(27,591,532)</u>
Net Position (Deficit), End of Year				<u>\$ (26,615,256)</u>

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024**

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets							
Cash and Cash Equivalents	\$ 3,417,772	\$ 260,609	\$ 36	\$ 1,000	\$	\$	\$ 3,679,417
Restricted Cash and Cash Equivalents	1,291,403			415,806	212,600	4,903,290	6,823,099
Receivables							
Due From Other Governments	693,474						693,474
Due From Other Funds	399,022				171,577		570,599
Other Receivables	13,212		406,986				420,198
Inventory		31,102					31,102
Total Assets	<u>5,814,883</u>	<u>291,711</u>	<u>407,022</u>	<u>416,806</u>	<u>384,177</u>	<u>4,903,290</u>	<u>12,217,889</u>
Liabilities							
Payables							
Accounts Payable	\$ 47,867	\$	\$ 8,000	\$	\$	\$	\$ 55,867
Accrued Liabilities	380,965	2,048					383,013
Due To							
Other Governments		46					46
Other Funds			399,022			171,577	570,599
Teachers' Retirement System	932,805						932,805
Employees' Retirement System	197,329						197,329
Unearned Revenue		4,364					4,364
Total Liabilities	<u>1,558,966</u>	<u>6,458</u>	<u>407,022</u>			<u>171,577</u>	<u>2,144,023</u>
Fund Balance							
Nonspendable		31,102					31,102
Restricted	1,291,403			416,806	384,177	4,731,713	6,824,099
Assigned	893,932	254,151					1,148,083
Unassigned	<u>2,070,582</u>						<u>2,070,582</u>
Total Fund Balance	<u>4,255,917</u>	<u>285,253</u>		<u>416,806</u>	<u>384,177</u>	<u>4,731,713</u>	<u>10,073,866</u>
Total Liabilities and Fund Balance	<u>\$ 5,814,883</u>	<u>\$ 291,711</u>	<u>\$ 407,022</u>	<u>\$ 416,806</u>	<u>\$ 384,177</u>	<u>\$ 4,903,290</u>	<u>\$ 12,217,889</u>

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE DISTRICT-WIDE NET POSITION
June 30, 2024**

Total Governmental Fund Balances	\$ 10,073,866
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building, leasing, and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Right to Use Leased Asset	321,620	
Accumulated Amortization	(208,842)	
Original Cost of Capital Assets	81,197,685	
Accumulated Depreciation	<u>(23,212,760)</u>	58,097,703

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

Deferred Outflows - Pensions	5,291,873	
Net Pension Liability - Proportionate Share	(2,384,302)	
Deferred Inflows - Pensions	<u>(1,214,947)</u>	1,692,624

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	(35,045,951)	
Premium on Bond	(2,617,076)	
Accrued Interest on Bonds Payable	(72,873)	
Lease Liability	(99,510)	
Other Postemployment Benefits	(48,547,700)	
Deferred Outflows - Other Postemployment Benefits	7,638,244	
Deferred Inflows - Other Postemployment Benefits	(17,217,788)	
Compensated Absences Payable	<u>(516,795)</u>	(96,479,449)

Total Net Position	\$ <u>(26,615,256)</u>
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SOUTH LEWIS CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues							
Real Property Taxes	\$ 8,738,317	\$	\$	\$	\$	\$	\$ 8,738,317
Other Real Property Tax Items	834,574						834,574
Charges for Services	154,003						154,003
Use of Money and Property	422,408	16		21,587	229,062		673,073
Sale of Property and Compensation for Loss	9,557						9,557
Miscellaneous	353,763	114	218,775	15,371			588,023
State Aid	18,834,202	136,665	277,866				19,248,733
Federal Aid	34,583	954,015	1,719,371				2,707,969
School Lunch Sales		98,049					98,049
Total Revenues	<u>29,381,407</u>	<u>1,188,859</u>	<u>2,216,012</u>	<u>36,958</u>	<u>229,062</u>		<u>33,052,298</u>
Expenditures							
General Support	3,215,174					823,272	4,038,446
Instruction	12,842,839		2,232,012	28,161		146,150	15,249,162
Pupil Transportation	1,514,040		11,052			536,219	2,061,311
Food Service Program		932,298					932,298
Employee Benefits	6,168,011	182,856					6,350,867
Debt Service - Principal	3,063,939						3,063,939
Debt Service - Interest	1,826,393						1,826,393
Total Expenditures	<u>28,630,396</u>	<u>1,115,154</u>	<u>2,243,064</u>	<u>28,161</u>		<u>1,505,641</u>	<u>33,522,416</u>
Excess (Deficit) Revenues Over Expenditures	<u>751,011</u>	<u>73,705</u>	<u>(27,052)</u>	<u>8,797</u>	<u>229,062</u>	<u>(1,505,641)</u>	<u>(470,118)</u>
Other Financing Sources (Uses)							
Proceeds of Debt						700,951	700,951
Proceeds of Leases						109,689	109,689
Transfers from Other Funds	125,000		27,052		264,361	5,299,871	5,716,284
Transfers to Other Funds	(5,591,284)				(125,000)		(5,716,284)
Total Other Financing Sources (Uses)	<u>(5,466,284)</u>		<u>27,052</u>		<u>139,361</u>	<u>6,110,511</u>	<u>810,640</u>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(4,715,273)</u>	<u>73,705</u>		<u>8,797</u>	<u>368,423</u>	<u>4,604,870</u>	<u>340,522</u>
Fund Balance, Beginning of Year	8,971,190	211,548		408,009	15,754	126,843	9,733,344
Fund Balance, End of Year	<u>\$ 4,255,917</u>	<u>\$ 285,253</u>	<u>\$</u>	<u>\$ 416,806</u>	<u>\$ 384,177</u>	<u>\$ 4,731,713</u>	<u>\$ 10,073,866</u>

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

Net Changes in Fund Balance - Total Governmental Funds	\$	340,522
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Capital Outlays to lease, purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation or amortization expenses in the Statement of Activities. This is the amount by which depreciation and amortization expense exceeded capital outlays in the period.

Right to Use Leased Asset Additions	109,689	
Amortization Expense	(89,743)	
Depreciation Expense	(2,145,461)	
Loss on Disposal	(79,333)	
Capital Outlays	<u>1,917,174</u>	(287,674)

Notes payable and bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which principal payments on long term debt exceeded debt proceeds during the period.

Principal Payments on Bonds	2,970,528	
Amortization of Premium on Bond	246,512	
Principal Payments on Leases	93,411	
Proceeds of Leases	(109,689)	
Proceeds of Serial Bonds	<u>(700,951)</u>	2,499,811

Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Accrued Interest on Serial Bonds	(34,289)	
Change in Other Postemployment Benefits (including Deferred Outflows and Inflows)	(539,425)	
Change in Pension Expense	(1,033,193)	
Change in Compensated Absences	<u>30,524</u>	(1,576,383)

Change in Net Position Governmental Activities	\$	<u>976,276</u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	<u>Custodial</u>
Assets	
Cash and Cash Equivalents - Restricted	\$ <u>68,131</u>
Net Position	
Restricted for Extraclassroom Activities	\$ <u>68,131</u>

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

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

	<u>Custodial</u>
Additions	
Charges for Services, Sale of Property, and Miscellaneous	\$ 249,440
Taxes Collected for Other Governments	<u>90,000</u>
Total Additions	<u>339,440</u>
Deductions	
Club Activities	257,316
Taxes Distributed to Other Governments	<u>90,000</u>
Total Deductions	<u>347,316</u>
Change in Net Position	(7,876)
Net Position, Beginning of Year	<u>76,007</u>
Net Position, End of Year	<u>\$ 68,131</u>

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the South Lewis Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the School District are described below:

Reporting Entity

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

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

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

(a) Extraclassroom Activity Funds

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

Joint Venture

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

BOCES are organized under Section 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 Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, Section 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 \$3,546,906 for BOCES administrative and program costs.

The District's share of BOCES aid amounts to \$918,098. Financial statements for the BOCES are available from Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES' administrative office.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

Basis of Presentation

(a) District-Wide Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, such as 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.

(b) Fund Financial Statements

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

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

Special Revenue Funds:

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

School Lunch Fund: This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

Miscellaneous Special Revenue Fund: This fund is used to account for and report transactions of the School District's scholarship funds. The District has both custody and administrative control over the various scholarships. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated.

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

(c) Fiduciary Funds

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

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for various student groups and tax collections for the independent library within the District.

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Measurement Focus and Basis of Accounting

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

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

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

Estimates

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

Cash and Cash Equivalents

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

Property Taxes

Real property taxes are levied annually by the Board of Education and become a lien on September 1. Taxes are collected during the period September 1 to October 31. The County of Lewis subsequently enforces uncollected real property taxes. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the School District no later than the following April 1.

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.

Interfund Transactions

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

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

Inventories

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. A reserve for inventory has been recognized to indicate that this does not constitute available spendable resources.

Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Capital Assets

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received. The School District uses capitalization thresholds of \$5,000 for machinery, equipment, vehicles, land and building improvements. Depreciation methods and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	<u>Lives</u>	<u>Method</u>
Furniture, Equipment, and Vehicles	5-20 Years	Straight Line
Buildings and Improvements	40 Years	Straight Line
Land Improvements	20 Years	Straight Line

Right to Use Leased Assets

The School District has recorded right to use lease assets as a result of implementing GASB No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease, which range from 3-5 years.

Unearned Revenue

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Deferred Outflow of Resources

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

Deferred Inflows of Resources

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

Vested Employee Benefits - Compensated Absences

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

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

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting.

Accrued Liabilities and Long-Term Obligations

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

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

Restricted Resources

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

Equity Classifications

(a) District-wide Financial 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) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted net position – reports a restricted portion of 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, 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 classifications and are deemed to be available for general use by the District.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

(b) Fund Statements

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

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

Non-spendable

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the inventories in the school lunch fund.

Restricted Resources

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net assets are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

- ***Reserve for Liability and Casualty*** - According to Education Law §1709(8)(c), must be used to pay for liability claims and property loss incurred. Separate funds for liability 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.
- ***Unemployment Insurance Reserve*** - According to General Municipal Law §6-m, 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 School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund.
- ***Reserve for Employee Benefits Accrued Liability*** - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.
- ***Retirement Contribution Reserve*** - The Retirement Contribution Reserve (GML §6-r) (Chapter 260 of the NYS Laws of 2004) is used to reserve funds for the payment of retirement contributions to the New York State and Local Employees' Retirement System. This reserve was established by a Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to New York State Teachers' Retirement System. During a fiscal year, a Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law 6-r.
- ***Reserve for Repairs*** - This reserve is used to accumulate funds through voter approval to finance future costs of major repairs to capital improvements or equipment. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two-thirds of the Board of Education. The emergency expenditure must be repaid within the next two succeeding fiscal years. The reserve is accounted for in the general fund.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

- **Capital Reserve** – According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund. The District maintains two Capital Reserve accounts:
 - Capital Improvement Reserve A was established by the voters in May 2018 for the purpose of financing either the full or partial costs of any capital addition, improvement, or other object or purpose (school buses, et.) for which the District would otherwise be able to seek and issue bonds pursuant to the local finance law. The reserve was established with a maximum funding of up to \$2.5 million for 10 years. As of June 30, 2023 the reserve has been fully funded, and \$2 million has been transferred to the Capital Fund in prior years. The reserve has been fully funded as of June 30, 2023 and as of June 30, 2024 the reserve has been fully expended.
 - Capital Improvement Reserve B was established by the voters in May 2022 for the purpose of renovations, improvements and additions to all District facilities, including purchases of equipment, technology upgrades, classroom equipment and/or school infrastructure equipment, site development, storm and sanitary sewer, driveways, parking lots and athletic fields with a maximum funding of up to \$5 million. The reserve is to be funded from (i) year-end budget surplus funds in unassigned fund balance, as available for the fiscal year ended June 30, 2022 and each fiscal year thereafter for the term of the reserve fund of 10 years, (ii) transfers of excess monies from Board of Education designated reserves, (iii) amounts from budgetary appropriations from time to time and (iv) New York State Aid received and made available by the Board of Education from time to time, all permitted by law. As of June 30, 2024 the District has fully funded and expensed all of this reserve.
- **Reserve for Endowments and Scholarships** - This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.
- **Debt Service** - Used to account for the accumulation of resources and that are restricted to pay debt service. The fund includes all unused debt proceeds and interest and earnings on temporary investment of debt proceeds. This reserve is accounted for in the debt service fund.
- **Capital Projects Fund** - This fund is used to account for and report the financial resources that are restricted for acquisition, construction or major repair of capital facilities.

Unrestricted Resources

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

(c) *Restricted for Extraclassroom Activities*

This reserve is used to account for various student groups or extraclassroom activities. This reserve is accounted for in the Custodial Fund.

(d) *Order of Use of Fund Balance*

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

Future Changes in Accounting Standards

- GASB Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025.
- GASB Statement No. 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026.

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

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

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

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

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

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

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

(a) *Long-Term Revenue Differences*

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

(b) *Capital Related Differences*

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

(c) *Long-Term Debt Transaction Differences*

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

(d) *Employee Benefit Allocation*

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
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(e) 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.

(f) OPEB Differences

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

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Procedures and Budgetary Accounting

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

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

Appropriations are adopted at the program line item level.

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

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

Encumbrances

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

NYS Real Property Tax Cap

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments including school districts can levy. The tax levy for the 2023-2024 school year was in compliance with the NYS Tax Cap Limit.

General Fund – Statutory Unassigned Fund Balance Limit

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2024, the School District's unassigned fund balance was 6.68% of the 2024-2025 budget.

4. CUSTODIAL AND CONCENTRATION OF CREDIT RISK

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

- A. Uncollateralized;
- B. Collateralized by securities held by the pledging financial institution, or

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For the Year Ended June 30, 2024**

- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

As of June 30, 2024, with the School District's bank balances totaling \$10,777,501 were fully collateralized by securities held by an agent of the pledging financial institution in the School District's name, FDIC insurance and NCUA insurance and were not exposed to custodial credit risk.

5. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash of \$1,291,403 in the General Fund represents the following:

Description	Amount
Liability & Casualty	72,612
Unemployment Insurance	186,467
Employee Benefit Accrued Liability	408,454
Retirement Contribution - ERS	281,102
Retirement Contribution - TRS	268,554
Repairs	74,214
Total	<u>\$ 1,291,403</u>

Restricted cash of \$415,806 in the Miscellaneous Special Revenue Fund represents funds gifted to the school district for scholarships and awards.

Restricted cash of \$212,600 in the Debt Service Fund represents cash restricted towards future debt service expenditures.

Restricted cash of \$4,903,290 in the Capital Fund represents cash restricted towards the District's capital projects.

Restricted cash of \$68,131 in the Fiduciary Custodial Fund represents the student activity cash balances at June 30, 2024.

Investment Pool

The School District participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-o, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

The following amounts are included as restricted and unrestricted cash equivalents:

Fund	Cost	Fair Value
General	\$ 4,708,475	\$ 4,708,475
Miscellaneous Special Revenue	415,806	415,806
Debt Service	212,600	212,600
Total	<u>5,336,881</u>	<u>5,336,881</u>

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. The Investment Pool issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYCLASS Administration, Client Services, 717 17th Street Suite 1850, Denver, CO 80202.

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

6. CAPITAL AND RIGHT TO USE LEASED ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 226,700	\$	\$	\$ 226,700
Construction in Progress		759,861		759,861
Total	226,700	759,861		986,561
Capital Assets Being Depreciated				
Buildings and Improvements	72,038,503	100,000		72,138,503
Land Improvements	1,876,785			1,876,785
Furniture, Equipment and Vehicles	5,797,492	1,057,313	658,969	6,195,836
Total	79,712,780	1,157,313	658,969	80,211,124
Accumulated Depreciation				
Buildings and Improvements	16,852,189	1,586,451		18,438,640
Land Improvements	1,513,636	25,357		1,538,993
Furniture, Equipment and Vehicles	3,281,110	533,653	579,636	3,235,127
Total	21,646,935	2,145,461	579,636	23,212,760
Net Capital Assets Being Depreciated	58,065,845	(988,148)	79,333	56,998,364
Net Capital Assets	<u>\$ 58,292,545</u>	<u>\$ (228,287)</u>	<u>\$ 79,333</u>	<u>\$ 57,984,925</u>

Depreciation expense is allocated to the following functions/programs:

<u>Function/Program</u>	
General Support	391,507
Instruction	1,464,588
Transportation	199,245
Food Service	90,121
Total Depreciation	<u>\$ 2,145,461</u>

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

	Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Equipment	\$ 211,931	\$ 109,689	\$	\$ 321,620
Accumulated Amortization				
Leased Equipment	119,099	89,743		208,842
Net Right to Use Leased Assets	<u>\$ 92,832</u>	<u>\$ 19,946</u>	<u>\$</u>	<u>\$ 112,778</u>

Amortization expense of \$89,743 is charged to instruction.

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

7. LONG-TERM LIABILITIES

Long-term liability balances and activity are as follows:

Description	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year
Bonds Payable					
Serial Bonds	\$ 37,315,528	\$ 700,951	\$ 2,970,528	\$ 35,045,951	\$ 3,155,951
Unamortized Bond Premium	2,863,588		246,512	2,617,076	246,512
Other Liabilities					
Compensated Absences Payable	547,319		30,524	516,795	
Other Postemployment Benefits	50,875,949	3,364,783	5,693,032	48,547,700	
Lease Liability	83,232	109,689	93,411	99,510	40,291
Total Long Term Liabilities	\$ 91,685,616	\$ 4,175,423	\$ 9,034,007	\$ 86,827,032	\$ 3,442,754

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy 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 for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as an expenditure when such amounts are due.

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

Details relating to general obligation (serial) bonds of the School District outstanding at June 30, 2024, are summarized as follows:

Payable From/Description	Original Issue	Amount	Final Maturity	Interest Rate (%)	Outstanding Amount
Refunding Bond	11/9/17	\$ 6,555,000	02/01/26	2.0-5.0	\$ 2,280,000
Serial Bond Bus Purchase	09/9/19	\$ 317,250	09/15/24	1.625-1.750	65,000
Serial Bond Bus Purchase	09/15/20	\$ 356,485	09/15/25	1.250-1.375	150,000
Serial Bond Bus Purchase	09/15/21	\$ 377,178	09/15/26	1.0	230,000
Serial Construction Bond	06/15/22	\$ 32,980,000	06/15/41	5.0	31,310,000
Serial Bond Bus Purchase	9/15/22	\$ 380,528	9/15/28	2.5-3.78	310,000
Serial Bond Bus Purchase	03/15/24	\$ 700,951	10/15/2028	3.75-3.875	700,951
Total					\$ 35,045,951

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

June 30,	Principal	Interest	Total
2025	\$ 3,155,951	\$ 1,719,352	\$ 4,875,303
2026	2,380,000	1,570,782	3,950,782
2027	1,635,000	1,460,429	3,095,429
2028	1,630,000	1,385,078	3,015,078
2029	1,630,000	1,307,503	2,937,503
2030-2034	8,545,000	5,341,000	13,886,000
2035-2039	10,905,000	2,980,250	13,885,250
2040-2041	5,165,000	390,500	5,555,500
Total	\$ 35,045,951	\$ 16,154,894	\$ 51,200,845

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NOTES TO BASIC FINANCIAL STATEMENTS
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Lease Liability

The District has entered into agreements with the BOCES to lease certain equipment such as copiers and other technology equipment. The lease agreements qualify as other than short-term leases under GASB 87. These agreements were executed on various dates ranging from July 1, 2021 to July 1, 2023 and are for a term of 3 years. The District also entered into a lease purchase agreement with John Deere Financial to lease a John Deere tractor for 5 years. Lease payments for all agreements are made annually as stated in the agreement, and therefore, a lease liability has been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements. The details of these lease agreements are as follows:

<u>Description</u>	<u>Lease Inception</u>	<u>Final</u>	<u>Interest Rate</u>	<u>Annual Payment</u>	<u>Lease Liability</u>
	<u>Date</u>	<u>Maturity</u>			
Equipment- RIC	7/1/2022	6/30/2025	3.593%	\$ 17,743	\$ 17,118
Equipment- RIC	7/1/2023	6/30/2027	4.680%	15,602	42,657
John Deere Tractor	1/23/2024	6/30/2028	6.650%	11,695	39,735
					<u>\$ 99,510</u>

As a result of these leases, the District has recorded a right to use asset with a net book value of \$99,509 at June 30, 2024. Future lease payments are as follows:

<u>For the Year Ending</u>	<u>Lease Liability</u>		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 39,637	\$ 5,011	\$ 44,648
2026	23,795	3,272	27,067
2027	25,132	2,052	27,184
2028	10,946	702	11,648
Total	<u>\$ 99,510</u>	<u>\$ 11,037</u>	<u>\$ 110,547</u>

Serial Bond Unamortized Premium

The original issue premium on bonds has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premium is being amortized using the straight-line method over the life of the bond. The current year amortization is \$246,512 and is included as a reduction to interest expense on the Statement of Activities.

Unamortized Premium, 6/30/2023	\$ 2,863,588
Less: Amount Recognized in Current Year	<u>(246,512)</u>
Unamortized Premium, 6/30/2024	<u>\$ 2,617,076</u>

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

Interest Paid	\$ 1,826,393
Less: Interest Accrued in the Prior Year	(38,584)
Less: Amortization of Bond Premium	(246,512)
Plus: Interest Accrued in the Current Year	<u>72,873</u>
Total Interest Expense on Long-Term Debt	<u>\$ 1,614,170</u>

Debt Limit

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consist of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority. At June 30, 2024, the School District was in compliance with its statutory debt limit.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

8. PENSION PLANS

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

(a) *Plan Description*

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2022, he was elected for a new term commencing January 1, 2023. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting.

Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

(b) *Contributions*

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, but prior to April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3% and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2024, were paid.

The required contributions for the current year and two preceding years were:

	<u>Amount</u>
2022	\$ 540,581
2023	\$ 410,867
2024	\$ 511,917

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

At June 30, 2024, the School District reported a liability of \$1,856,133 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024, the School District's proportion was .0126061 which was an increase of .0011075 percent from its proportion measured as of June 30, 2023 of .0114986 percent.

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For the year ended June 30, 2024, the School District recognized a pension expense of \$511,917. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 597,859	\$ 50,612
Change of assumptions	701,762	
Net difference between projected and actual earnings on Pensions plan investments		906,711
Changes in proportion and differences between contributions and proportionate share of contributions	195,142	6,199
Contributions subsequent to the measurement date	<u>197,329</u>	
Total	<u>\$ 1,692,092</u>	<u>\$ 963,522</u>

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

<u>Year Ended June 30,</u>	
2025	\$ (267,376)
2026	\$ 398,976
2027	\$ 574,767
2028	\$ (175,126)

(d) Actuarial Assumptions

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

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

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

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2021.

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
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For the Year Ended June 30, 2024**

future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32.00%	4.00%
International Equity	15.00%	6.65%
Private Equity	10.00%	7.25%
Real Estate	9.00%	4.60%
Opportunistic/Absolute Return	3.00%	5.25%
Credit	4.00%	5.40%
Real Assets	3.00%	5.79%
Fixed Income	23.00%	1.50%
Cash	1.00%	0.25%
	100.00%	

The real rate of return is net of the long-term inflation assumption of 2.90%.

(e) Discount Rate

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

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

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

	Decrease (4.9%)	Assumption (5.9%)	Increase (6.9%)
Proportionate share of the net pension (asset) liability	\$ 5,835,872	\$ 1,856,133	\$ (1,467,775)

(g) Pension Plan Fiduciary Net Position

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

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of \$152,619 at June 30, 2024. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2024-2025 billing cycle and has been accrued as an expenditure in the current year.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

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

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System.

However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

	Amount
2022	\$ 755,391
2023	\$ 806,344
2024	\$ 877,740

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

At June 30, 2024, the School District reported a liability of \$528,169 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the School District's proportion was .046185 percent, which was a decrease of .000261 percent from its proportion measured as of June 30, 2022 of .046446 percent.

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

For the year ended June 30, 2024, the School District recognized a pension expense of \$442,677. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,280,669	\$ 3,165
Changes of assumptions	1,137,132	247,832
Net difference between projected and actual earnings on pensions plan investments	269,989	
Changes in proportion and differences between contributions and proportionate share of contributions	67,826	428
Contributions subsequent to the measurement date	844,165	
Total	<u>\$ 3,599,781</u>	<u>\$ 251,425</u>

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension asset/liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 245,623
2025	\$ (254,433)
2026	\$ 2,134,636
2027	\$ 168,104
2028	\$ 129,832
Thereafter	\$ 80,429

(d) Actuarial Assumptions

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

Significant actuarial assumptions used in the June 30, 2023 valuation were as follows:

Investment Rate of Return	5.9% compounded annually, net of pension plan investment expense, including inflation.
Salary scale	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

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

Projected COLAs	1.5% compounded annually.
Inflation rate	2.90%

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

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

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

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

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

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

(e) Discount Rate

The discount rate used to measure the pension liability (asset) was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

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

	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Proportionate share of the net pension liability (asset)	\$ 8,044,277	\$ 528,169	\$ (5,793,204)

(g) Pension Plan Fiduciary Net Position

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

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS in amount of \$844,165 (excluding employees' share) in the General Fund at June 30, 2024. This amount represents contribution for the 2023-2024 fiscal year that will be made in 2024-2025 and has been accrued as an expenditure in the current year.

9. OTHER POSTEMPLOYMENT BENEFITS

(a) Plan Descriptions

The School District provides medical, dental and life insurance to retirees and their covered dependents. The School District pays a portion of the cost for eligible retirees, covered spouses, and dependents. Currently there are approximately 371 current and former employees participating in the School District's Other Postemployment Benefits (OPEB) plan. The benefits provided to employees upon retirement are based upon provisions in various contracts that the District has in place with different classifications of employees. All active employees who retire or are disabled directly from the School District and meet eligibility criteria can participate.

The Plan does not issue a stand-alone publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

(b) Benefits Provided

The School 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.

(c) Employees Covered by Benefit Terms

	<u>Total</u>
Inactive plan members or beneficiaries currently receiving benefits	217
Active plan members	<u>154</u>
Total	<u><u>371</u></u>

(d) Total OPEB Liability

The District's total OPEB liability of \$48,547,700 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

(e) Changes in the Net OPEB Liability

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

	<u>Total OPEB Liability</u>
Balances, June 30, 2023	<u>\$ 50,875,949</u>
Changes recognized for the year:	
Service cost	1,357,593
Interest	2,007,190
Effect of assumption changes or inputs	(4,300,627)
Benefit payments	<u>(1,392,405)</u>
Net changes	<u>(2,328,249)</u>
Balances, June 30, 2024	<u><u>\$ 48,547,700</u></u>

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

(f) 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 percent) or 1 percentage point higher (5 percent) than the current discount rate:

	1% Decrease 3.00%	Current Assumption 4.00%	1% Increase 5.00%
Total OPEB liability as of June 30, 2024	\$ 57,770,825	\$ 48,547,700	\$ 41,346,730

(g) 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 (5.75 percent) or 1 percentage point higher (7.75 percent) than the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability as of June 30, 2024	\$ 40,652,565	\$ 48,547,700	\$ 58,939,583

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

(h) 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 \$1,952,176. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 6,210,385	\$ 17,217,788
Contributions subsequent to the measurement date	1,427,859	
Total	<u>\$ 7,638,244</u>	<u>\$ 17,217,788</u>

Contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amount
2025	\$ (10,303,105)
2026	(9,262,555)
2027	(7,232,014)
2028	(4,758,913)
2029	(2,001,068)
2030	(313,294)

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

(i) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, with a June 30, 2024 measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation Date	July 1, 2023
Measurement Date	June 30, 2024
Reporting Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal - Level Percent of Salary
Discount Rate	4.00%

The discount rate changed from 3.77% to 4.00%, which is a prescribed discount rate under GASB 75, and is based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality Rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021. Benefit Obligations are projected to the measurement date using roll forward techniques by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the assumptions as of the measurement date.

10. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

Fund	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 399,022	\$	\$ 125,000	\$ 5,591,284
Special Aid		399,022	27,052	
Debt Service	171,577		264,361	125,000
Capital Projects		171,577	5,299,871	
Total Government Activities	<u>\$ 570,599</u>	<u>\$ 570,599</u>	<u>\$ 5,716,284</u>	<u>\$ 5,716,284</u>

- Interfund receivables and payables are typically liquidated within 1 year.
- The District typically transfers from the General Fund to the Special Aid Fund, as a required local match for federal and state grants.
- The District transferred \$5,299,871 from the General Fund to the Capital Fund for the use of reserves towards the 2024 mini capital project and the larger 2024 capital project.
- The District transferred \$264,361 from the General Fund to the Debt Service Fund to be used towards future principal and interest payments.
- The District transferred \$125,000 from the Debt Service to the General Fund for fees related to debt expenditures.

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

11. FUND BALANCE

(a) The following is the disaggregation of the fund balance that is reported in summary on the governmental fund's Balance Sheet:

	General	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total
Nonspendable	\$	\$ 31,102	\$	\$	\$	\$ 31,102
Restricted						
Liability & Casualty	72,612					72,612
Unemployment Insurance	186,467					186,467
Employee Benefits						
Accrued Liability	408,454					408,454
Retirement Contribution						
ERS	281,102					281,102
TRS	268,554					268,554
Repairs	74,214					74,214
Debt Service				384,177		384,177
Reserve for Scholarships and Endowments			416,806			416,806
Capital Projects					4,731,713	4,731,713
Total Restricted	<u>1,291,403</u>		<u>416,806</u>	<u>384,177</u>	<u>4,731,713</u>	<u>6,824,099</u>
Assigned						
Food Service Program		254,151				254,151
Encumbrances	72,216					72,216
Appropriated for Subsequent Year's Budget	821,716					821,716
Total Assigned	<u>893,932</u>	<u>254,151</u>				<u>1,148,083</u>
Unassigned	<u>2,070,582</u>					<u>2,070,582</u>
Total Fund Balance	<u>\$ 4,255,917</u>	<u>\$ 285,253</u>	<u>\$ 416,806</u>	<u>\$ 384,177</u>	<u>\$ 4,731,713</u>	<u>\$ 10,073,866</u>

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

Restricted Fund	Balance at 7/1/2023	Additions	Deductions	Balance at 6/30/2024
Liability & Casualty	\$ 68,915	\$ 3,697	\$	\$ 72,612
Unemployment Insurance	176,973	9,494		186,467
Employee Benefit Accrued Liability	408,017	21,887	21,450	408,454
Retirement Contribution				
ERS	266,790	14,312		281,102
TRS	254,882	13,672		268,554
Repairs	70,436	3,778		74,214
Capital	5,160,428	303,618	5,464,046	
Total	<u>\$ 6,406,441</u>	<u>\$ 370,458</u>	<u>\$ 5,485,496</u>	<u>\$ 1,291,403</u>

12. CONTINGENCIES

Risk Financing and Related Insurance

(a) General Information

The South Lewis Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions and natural disasters. 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.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024**

(b) Pooled Non-Risk- Retained

The District participates in the Jefferson-Lewis Et. Al. Schools Employees' Healthcare Plan, a non-risk-retained public entity risk pool for its employee health and accidental insurance coverage. The pool is operated for the benefit of 16 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.

(c) Potential Grantor Liability

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

13. NET POSITION DEFICIT – DISTRICT WIDE

The District-wide net position had an unrestricted net position deficit at June 30, 2024 of \$58,677,811 and a total net position deficit of \$26,615,256. The deficit is primarily the result of GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires the recognition of an unfunded liability of \$48,547,700 at June 30, 2024. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

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

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Local Sources					
Real Property Taxes	\$ 9,463,034	\$ 8,738,317	\$ 8,738,317	\$	
STAR and Other Real Property Tax Items	97,000	821,718	834,574		12,856
Charges for Services	96,000	96,000	154,003		58,003
Use of Money and Property	85,500	85,500	422,408		336,908
Sale of Property and Compensation for Loss	7,500	7,500	9,687		2,187
Miscellaneous	202,000	202,000	353,633		151,633
State Aid	18,877,200	18,877,199	18,834,202		(42,997)
Federal Aid	60,000	60,000	34,583		(25,417)
Total Revenues	28,888,234	28,888,234	29,381,407		493,173
Other Financing Sources					
Premium on Obligations					
Transfers from Other Funds	125,000	125,000	125,000		
Appropriated Fund Balance	896,515	6,360,560			(6,360,560)
Total Revenues and Other Financing Sources	\$ 29,909,749	\$ 35,373,794	29,506,407	\$	(5,867,387)
Expenditures					
General Support					
Board of Education	\$ 17,519	\$ 15,709	\$ 9,770	\$	5,939
Central Administration	296,486	300,199	300,040		159
Finance	448,262	463,008	451,870		11,138
Staff	163,610	159,741	129,272		30,469
Central Services	2,278,453	2,261,973	1,976,756	71,263	213,954
Special Items	368,800	368,800	347,466		21,334
Total General Support	3,573,130	3,569,430	3,215,174	71,263	282,993
Instruction					
Instruction, Administration, and Improvement	1,026,820	984,858	804,558		180,300
Teaching - Regular School	6,662,054	6,528,973	6,157,111	953	370,909
Programs for Children With Special Needs	2,796,292	2,906,619	2,842,849		63,770
Occupational Education	837,012	837,284	836,996		288
Teaching - Special School	28,000	28,000	24,611		3,389
Instructional Media	808,833	871,466	808,287		63,179
Pupil Services	1,411,058	1,434,232	1,368,427		65,805
Total Instruction	13,570,069	13,591,432	12,842,839	953	747,640
Pupil Transportation	1,555,762	1,575,528	1,514,040		61,488
Community Services	8,000				
Employee Benefits	6,181,487	6,241,343	6,168,011		73,332
Debt Service - Principal	2,349,731	2,982,233	3,063,939		(81,706)
Debt Service - Interest	2,441,570	1,820,763	1,826,393		(5,630)
Total Expenditures	29,679,749	29,780,729	28,630,396	72,216	1,078,117
Other Financing Uses					
Transfers to Other Funds	230,000	5,593,065	5,591,284		1,781
Total Expenditures and Other Financing Uses	\$ 29,909,749	\$ 35,373,794	34,221,680	\$ 72,216	\$ 1,079,898
Net Change in Fund Balance			(4,715,273)		
Fund Balance - Beginning of Year			8,971,190		
Fund Balance - End of Year			\$ 4,255,917		

Note to Required Supplementary Information:

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

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

See Independent Auditor's Report.

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2024

Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018*
Total OPEB Liability							
Service cost	\$ 1,357,593	\$ 1,391,247	\$ 2,326,559	\$ 1,843,097	\$ 1,416,732	\$ 1,583,937	\$ 1,854,573
Interest on Total OPEB Liability	2,007,190	2,480,695	1,245,536	1,265,631	1,359,364	1,578,870	1,383,550
Change in assumptions and other inputs	(4,300,627)	(18,133,608)	3,933,632	5,861,640	7,011,489	(1,616,672)	(5,190,228)
Benefit payments	(1,392,405)	(1,326,638)	(1,272,975)	(1,217,975)	(1,200,667)	(840,571)	(777,107)
Net change in total OPEB Liability	(2,328,249)	(15,588,304)	6,232,752	7,752,393	8,586,918	705,564	(2,729,212)
Total OPEB Liability - Beginning	50,875,949	66,464,253	60,231,501	52,479,108	43,892,190	43,186,626	45,915,838
Total OPEB Liability - Ending	<u>\$ 48,547,700</u>	<u>\$ 50,875,949</u>	<u>\$ 66,464,253</u>	<u>\$ 60,231,501</u>	<u>\$ 52,479,108</u>	<u>\$ 43,892,190</u>	<u>\$ 43,186,626</u>
Covered payroll	\$ 12,072,734	\$ 11,176,813	\$ 11,176,813	\$ 10,736,378	\$ 10,736,378	\$ 11,568,520	\$ 11,370,984
Total OPEB Liability as a percentage of covered payroll	402.13%	455.19%	594.66%	561.00%	488.80%	379.41%	379.80%

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

Notes to Required Supplementary Information:

The District does not currently maintain assets in an OPEB trust.

Actuarial Assumptions

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

Changes to Assumptions

The discount rate changed from 3.77% to 4.00%, which is a prescribed discount rate under GASB 75, and is based on the Bond Buyer General Obligation 20-Bond Municipal Index.

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
For the Year Ended June 30, 2024

ERS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 511,917	\$ 410,867	\$ 540,581	\$ 497,037	\$ 494,629	\$ 487,487	\$ 487,146	\$ 466,360	\$ 550,451	\$ 586,785
Contributions in Relation to the Contractually Required Contribution	511,917	410,867	540,581	497,037	494,629	487,487	487,146	466,360	550,451	586,785
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
School District's Covered-ERS Employee Payroll	\$ 4,265,813	\$ 4,106,651	\$ 3,425,478	\$ 3,465,587	\$ 3,357,128	\$ 3,237,942	\$ 3,140,552	\$ 2,970,190	\$ 2,916,046	\$ 2,853,472
Contributions as a Percentage of Covered-Employee Payroll	12.00%	10.00%	15.78%	14.34%	14.73%	15.06%	15.51%	15.70%	18.88%	20.56%

TRS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 877,740	\$ 806,344	\$ 755,391	\$ 711,573	\$ 839,640	\$ 767,977	\$ 918,098	\$ 1,029,119	\$ 1,294,627	\$ 1,173,238
Contributions in Relation to the Contractually Required Contribution	877,740	806,344	755,391	711,573	839,640	767,977	918,098	1,029,119	1,294,627	1,173,238
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
School District's Covered-TRS Employee Payroll	\$ 8,993,238	\$ 7,836,190	\$ 7,708,071	\$ 7,466,663	\$ 9,476,749	\$ 7,231,422	\$ 9,368,347	\$ 8,780,879	\$ 9,763,401	\$ 6,692,744
Contributions as a Percentage of Covered-Employee Payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
For the Year Ended June 30, 2024

ERS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/liability	0.0126061%	0.0114986%	0.0107333%	0.0108960%	0.0100685%	0.0101676%	0.0103169%	0.0101388%	0.0105564	0.0109264
District's proportionate share of the net pension (asset) liability	\$ 1,856,133	\$ 2,465,757	\$ (877,405)	\$ 10,850	\$ 2,666,207	\$ 720,405	\$ 332,971	\$ 952,660	\$ 1,694,334	\$ 348,852
District's covered-employee payroll	\$ 4,265,813	\$ 4,106,651	\$ 3,425,478	\$ 3,465,587	\$ 3,357,128	\$ 3,237,942	\$ 3,140,552	\$ 2,970,190	\$ 2,916,046	\$ 2,853,472
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	43.51%	60.04%	(25.61%)	0.31%	79.42%	22.25%	10.60%	32.07%	58.10%	12.23%
Plan fiduciary net position as a percentage of total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

TRS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the net pension asset/liability	0.0461850%	0.0464460%	0.0467000%	0.0473180%	0.0473660%	0.0481100%	0.0494340%	0.0502953%	0.049165	0.048877
District's proportionate share of the net pension (asset) liability	\$ 528,169	\$ 891,245	\$ (8,092,628)	\$ 1,307,514	\$ (1,230,581)	\$ (869,947)	\$ (375,745)	\$ 538,684	\$ (5,106,649)	\$ (5,444,615)
District's covered-employee payroll	\$ 7,836,190	\$ 7,708,071	\$ 7,466,663	\$ 9,476,749	\$ 7,231,422	\$ 9,368,347	\$ 8,780,879	\$ 9,763,401	\$ 6,692,744	\$ 7,222,940
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	6.7%	11.6%	(108.38%)	13.80%	(17.02%)	(9.29%)	(4.28%)	5.52%	(76.30%)	(75.38%)
Plan fiduciary net position as a percentage of total pension liability	99.20%	98.60%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND REAL PROPERTY TAX LIMIT
For the Year Ended June 30, 2024

Change from Adopted Budget to Final Budget

Adopted Budget	\$ 29,899,550
Add: Prior Year's Encumbrances	<u>10,199</u>
Original Budget	29,909,749
Add: Board Appropriated Capital Reserve Transfer	<u>5,464,045</u>
Final Budget	<u>\$ 35,373,794</u>

Section 1318 of Real Property Tax Law Limit Calculation

2024-25 voter-approved expenditure budget	\$ <u>30,998,432</u>
Maximum allowed (4% of 2024-25 budget)	<u>\$ 1,239,937</u>

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

Unrestricted fund balance:

Assigned fund balance	893,932
Unassigned fund balance	<u>2,070,582</u>
Total unrestricted fund balance	<u>2,964,514</u>

Less:

Appropriated fund balance	821,716
Encumbrances included in committed and assigned fund balance	<u>72,216</u>
Total adjustments	<u>893,932</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ <u>2,070,582</u>
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Actual percentage	6.68%
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SOUTH LEWIS CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2024

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures		Unexpended Balance	Methods of Financing			Total	Fund Balance June 30, 2024
			Prior Years	Current Year		Proceeds of Obligations	Federal and State Aid	Local Sources		
Buses	\$ 380,528	\$ 380,528	\$ 253,685	\$	\$ 126,843	\$ 380,528	\$	\$	\$ 380,528	\$ 126,843
Buses 2024	700,951	700,951		536,219	164,732	700,951			700,951	164,732
2024 Mini-Renovation Project	100,000	100,000		99,871	129			99,871	99,871	
Building Project	38,889,800	38,889,800	38,889,800			36,689,493	200,307	2,000,000	38,889,800	
2024 Capital Project	28,995,900	28,995,900		759,862	28,236,038			5,200,000	5,200,000	4,440,138
Totals	\$ 69,067,179	\$ 69,067,179	\$ 39,143,485	\$ 1,395,952	\$ 28,527,742	\$ 37,770,972	\$ 200,307	\$ 7,299,871	\$ 45,271,150	\$ 4,731,713

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2024

Capital Assets, Net	57,984,925
Right to use Lease Assets, Net	<u>112,778</u>
	<u>58,097,703</u>
Add:	
Capital Fund Unspent Proceeds	<u>4,903,290</u>
Deduct:	
Serial Bonds Payable	(35,045,951)
Lease Liability	(99,510)
Premium on Bonds Payable	<u>(2,617,076)</u>
Net Deductions	<u>(37,762,537)</u>
Net Investment in Capital Assets	<u>\$ 25,238,456</u>

See Independent Auditor's Report.

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

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

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

Board of Education
South Lewis Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Lewis Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise South Lewis Central School District's basic financial statements, and have issued our report thereon dated October 15, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

D'Arcangelo & Co., LLP

October 15, 2024

Rome, New York

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

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

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

Board of Education
South Lewis Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Lewis Central School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of South Lewis Central School District's major federal programs for the year ended June 30, 2024. South Lewis 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, South Lewis 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 South Lewis 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 South Lewis 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 South Lewis 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 South Lewis 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 South Lewis 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 South Lewis 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 South Lewis 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 South Lewis Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

D'Arcangelo + Co., LLP

October 15, 2024

Rome, New York

SOUTH LEWIS CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal ALN</u>	<u>Agency or Pass-through Number</u>	<u>Current Year Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>United States Department of Agriculture</u>				
Passed Through New York State, Department of Education:				
<u>Child Nutrition Cluster</u>				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	N/A	\$ 67,291	\$
Cash Assistance				
Local Food for Schools	10.185	N/A	13,663	
COVID-19 Supply Chain Assistance	10.555	N/A	32,328	
Summer Food Service Program	10.559	N/A	35,774	
National School Breakfast Program	10.553	N/A	243,292	
National School Lunch Program	10.555	N/A	561,667	
Total Child Nutrition Cluster			886,724	
Total Department of Agriculture			954,015	
<u>United States Department of Education</u>				
Passed Through New York State, Department of Education:				
Title I Grants to LEAs	84.010	0021-24-1230	333,967	
<u>Special Education Cluster</u>				
Special Education Grants to States	84.027	0032-24-0331	312,439	
Special Education Preschool Grants	84.173	0033-24-0331	8,844	
Total Special Education Cluster			321,283	
Student Support and Academic Enrichment Grant	84.424	0204-24-1230	24,334	
Improving Teacher Quality State Grants (Title IIA)	84.367	0147-24-1230	38,066	
COVID-19 Education Stabilization Fund				
American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-1230	615,836	
American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5882-21-1230	44,434	
American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5883-21-1230	54,886	
American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5884-21-1230	286,565	
Total COVID-19 Education Stabilization Fund			1,001,721	
Total Department of Education			1,719,371	
Total Federal Awards Expended			\$ 2,673,386	\$

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Basis of Accounting

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

Cluster Programs

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

U.S. Department of Education

Special Education Cluster

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

U.S. Department of Agriculture

Child Nutrition Cluster

AL #10.553	National School Breakfast Program
AL #10.555	National School Lunch Program
AL #10.555	Non-cash Assistance- Food Distribution
AL #10.559	Summer Food Service Program

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2024, the School District has food commodities in inventory of \$31,102.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2024**

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	<u>U.S. Department of Education</u> COVID-19 Education Stabilization Fund ALN 84.425U American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER) <u>U.S. Department of Agriculture</u> Child Nutrition Cluster AL 10.553 National School Breakfast Program AL 10.555 National School Lunch Program AL 10.555 Non-cash Assistance- Food Distribution AL 10.559 Summer Food Service Program
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2024**

(Continued)

Findings – Financial Statement Audit

No findings noted in the current year.

Findings and Questioned Costs – Major Federal Award Program Audit

No findings noted in the current year.

**SOUTH LEWIS CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS-FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2024**

Findings – Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs

None.

FORM OF OPINION OF BOND COUNSEL

July 24, 2025

South Lewis Central School District
4264 Co. Rd. 43, P.O. Box 10
Turin, New York 13473

Re: South Lewis Central School District
\$15,000,000 Bond Anticipation Notes, 2025, CUSIP No.: _____

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$15,000,000 Bond Anticipation Notes, 2025 (the "Notes") of the South Lewis Central School District, County of Lewis, State of New York (the "District"). 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, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. 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. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

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

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

Very truly yours,

Trespasz Law Offices, LLP