

PRELIMINARY OFFICIAL STATEMENT

NEW MONEY ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance by the School District 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. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals. We observe that, 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. Bond Counsel is also of the opinion that interest on the Notes 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 expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. See "Tax Matters" herein.

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

\$1,400,000



CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT ALLEGANY AND CATTARAUGUS COUNTIES, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE NO. 229570

\$1,400,000 Bond Anticipation Notes, 2025A (the "Notes")

Dated: July 23, 2025

Due: July 23, 2026

The Notes will constitute general obligations of the Cuba-Rushford Central School District, Allegany and Cattaraugus Counties, (the "School District" or the "District") and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. Unless paid from other sources, all the taxable real property within the District will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York.

The Notes are not subject to redemption prior to maturity.

The Notes will be issued as registered notes and at the option of the purchaser(s), may be registered in the name of the purchaser(s) or may be registered to the Depository Trust Company ("DTC"). If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser(s) in denominations of \$5,000 or integral multiples thereof as may be determined by such successful bidder(s).

Alternatively, if the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co. as nominee of DTC which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof as may be determined by such successful bidder(s). If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. 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 Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as agreed upon with the purchaser(s), on or about July 23, 2025.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on July 9, 2025 by no later than 10:30 A.M. EDT. 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.

July 2, 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 THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. UNLESS THE NOTES ARE PURCHASED FOR THE SUCCESSFUL BIDDER'S OWN ACCOUNT, AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C — DISCLOSURE UNDERTAKING" HEREIN.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
ALLEGANY AND CATTARAUGUS COUNTIES, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2025-2026 BOARD OF EDUCATION

CASEY LINDERMAN
President



DAVID CROWLEY
Vice President

ASHLEY HUNT
JEANINE ROSE
AILEEN SIRIANNI
SALLY KUS
PAUL YOUNG

* * * * *

CARLOS GILDEMEISTER
Superintendent of Schools

NICHELE LINDERMAN
Business Administrator

MELISSA PATANELLA
District Treasurer

HEATHER PFEIFFER
School District Clerk

GRECO TRAPP PLLC
Local Attorney

BUFFAMANTE, WHIPPLE, BUTTAFARO, P.C.
External Auditor



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor



HODGSON RUSS LLP
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
ALLEGANY AND CATTARAUGUS COUNTIES, NEW YORK
Relating to
\$1,400,000 Bond Anticipation Notes, 2025A

This Official Statement, which includes the cover page and appendices, has been prepared by the Cuba-Rushford Central School District, Allegany and Cattaraugus Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of its \$1,400,000 principal amount of Bond Anticipation Notes, 2025A (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.

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.

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). Unless paid from other sources, all the taxable real property within the District will be subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. (See "TAX LEVY LIMITATION LAW" herein.)

The Notes are dated July 23, 2025 and mature, without option of prior redemption, on July 23, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form either (i) in the name of the purchaser(s), in which case principal of and interest on the Notes will be 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) 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. One fully-registered note certificate will be issued for all Notes of a particular issue bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the District directly to the registered owner or to DTC for its nominee, Cede & Co.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to a bond resolution that was duly adopted by the Board of Education of the District (the “Board”) on May 13, 2025, authorizing “2024 MSHS Freezer Local Emergency Project & Elm Street Academy Roof Capital Improvement Project” consisting of the partial reconstruction, renovation and the construction of improvements and upgrades to various District buildings and facilities and the sites thereof at an estimated maximum cost of \$1,400,000 to be financed with the issuance of serial bonds or other obligations of the District in an amount not to exceed \$1,400,000.

The proceeds of the Notes represents the initial borrowing and will fully exhaust the borrowing authorization of the aforementioned resolution.

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest 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 ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

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

Certificated Notes

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 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 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 primarily in Allegany County, with a portion in Cattaraugus County, in the southwest portion of New York State and lies approximately 60 miles south of Buffalo. The District was formed in 1990 when the Rushford Central School District was annexed by the Cuba Central School District. The District is located in a rural setting dotted with several lakes, including Cuba and Rushford Lakes. The District is adjacent to Route 17/Interstate 86 and State Route 305.

Agriculture is a major industry of the District, and significant employment opportunities therein are available to residents at the Empire Cheese Company and the Friendship Dairy Company. However, it should be noted that the Great Lakes Cheese plant will be moving from Cuba, New York to Franklinville, New York (about 15 miles away, but in a different county and school district). Construction of the new plant in Franklinville is expected to begin in 2022, with the Cuba plant expected to close in 2025. Although more than 200 jobs are involved, most of the employees currently working at the Cuba plant are anticipated to commute to the Franklinville location.

Residents of the District receive their basic municipal services from the towns making up the District. The Counties of Allegany and Cattaraugus are responsible for providing social and certain health-related programs. Medical services are available at Cuba Memorial Hospital, which has an extended care facility, acute medical care facilities and emergency medical services. Area higher education institutions include Alfred University, Houghton College, St. Bonaventure University, SUNY at Alfred State College and the Jamestown Community College.

Source: District officials.

Population

The population of the District is estimated to be approximately 6,634. (Source: 2023 U.S. Census Bureau, American Community Survey 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 are included in (or that includes parts of) the District, are the Towns and Counties listed below. The figures set below with respect to such Towns and Counties are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or Counties 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:						
Belfast	\$ 19,825	\$ 23,278	\$ 26,464	\$ 51,563	\$ 73,500	\$ 80,455
Caneadea	13,493	20,470	27,457	54,881	68,158	95,483
Centerville	16,152	17,926	18,999	45,278	52,813	82,917
Clarksville	19,168	21,779	26,849	39,375	55,234	51,000
Cuba	24,816	31,526	35,615	58,789	80,625	97,396
Friendship	17,218	24,801	29,319	43,631	59,531	79,135
New Hudson	37,266	26,915	32,315	57,917	78,125	100,268
Rushford	21,197	26,709	29,293	42,596	54,286	80,833
Farmersville	23,568	22,484	30,575	43,482	49,167	51,289
Freedom	22,183	26,441	32,709	53,261	60,625	78,333
Hinsdale	19,513	22,924	28,432	55,542	54,250	72,500
Ischua	19,744	24,783	31,866	47,917	60,870	97,708
Lyndon	21,288	26,729	34,700	58,333	61,406	73,750
Counties of:						
Allegany	20,058	26,030	30,016	49,864	65,972	80,013
Cattaraugus	20,824	26,797	31,173	51,227	62,587	75,127
State of:						
New York	30,948	39,326	49,520	67,405	84,385	105,060

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

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

Major Employers

The following are the larger employers located within or in close proximity to the District.

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approx. Number of Employees</u>
Friendship Dairy Company	Dairy Product Manufacturer	269
Cuba Memorial Hospital	Medical/Health Care	200
Cuba-Rushford Central School District	Public Education	192
Giant Food Mart	Grocery Store	75

Source: District officials.

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Unemployment Rate Statistics

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

	<u>Annual Average</u>						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Allegany County	5.6%	5.1%	7.7%	5.0%	4.0%	4.2%	4.3%
Cattaraugus County	5.3	4.8	9.1	5.3	4.1	4.1	4.1
New York State	4.1	3.9	9.8	7.1	4.3	4.1	4.3

	<u>2025 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>
Allegany County	5.3%	5.3%	4.7%	3.5%	3.4%	N/A	N/A
Cattaraugus County	5.1	5.3	4.6	3.5	3.2	N/A	N/A
New York State	4.6	4.3	4.1	3.6	3.5	N/A	N/A

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

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

Financial Organization

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

Form of School Government

The Board is the policy-making body of the District. It consists of seven members with overlapping five-year terms so that at least one member is elected to the Board each year. Each Board member must be a qualified voter of the District. The President and the Vice President of the Board are selected by the Board members at an annual reorganization meeting of the Board (held in early July).

District Organization

The District is an independent entity governed by the Board. 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 public school districts and any other special statutes applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

Members of the Board are chosen on a rotating basis by qualified voters at the annual election of the District held on the third Tuesday in May. The term of office for each board member is generally five years and the number of terms that may be served is unrestricted. A president is selected by the Board from its members, and serves as the chief fiscal officer of the District. The Board is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

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

The Board appoints the Superintendent of Schools who serves pursuant to a contract of employment. Such Superintendent is the chief executive officer of the District and the education system. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board.

Budgetary Procedures

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

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All residents of the District who meet voter eligibility requirements may participate.

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

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

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

Recent Budget Vote Results

The budget for the 2025-2026 fiscal year was adopted by the qualified voters on May 20, 2025 by a vote of 221 to 46. The District’s budget for the 2025-2026 fiscal year will remain within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 3.39% which is equal to the District’s Tax Cap limit of 3.39%.

Investment Policy

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

Consistent with the above statutory limitations, it is the District’s current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America, or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

State Aid

The District receives financial assistance from the State. In its proposed budget for the 2025-2026 fiscal year, approximately 68.43% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner in any year municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of the State's fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, 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.

On January 21, 2025, Governor Hochul released her 2025 - 2026 Executive Budget. The Executive Budget provides for a total of \$37.4 billion in school aid, with \$26.4 billion being in foundation aid (a 5.9% increase from last year), \$3.3 billion in building aid, \$2.7 billion in transportation aid, and \$1.2 billion in prekindergarten aid (the total of building aid, transportation aid, and prekindergarten aid accounting for an aggregate increase of 2.2% since last year). A final budget was passed by New York State on May 8, 2025. The enacted budget includes a \$37.6 billion increase in total school aid. The enacted budget's foundation aid increase is nearly identical to the Executive Budget's; however, due to an adjustment in the aid calculation formula (as the formula and its ensuing calculations pertain to districts with large amounts of English language learners) some districts will see a slight increase or decrease in their final Foundation Aid amount.

Foundation aid is New York State's main education operating aid formula. It is focused on allocating New York State funds equitably to all school districts, especially high need districts, based on student need, community wealth, and regional cost differences. As stated above, the Executive Budget provides a 5.9% increase (amounting to a \$1.4 billion total increase since last year) in Foundation Aid for the 2025 school year. Foundation aid is intended mainly to support districts' instructional costs. It is the largest aid type within the school aid budget categories. Building aid is considered an expense-based type of aid. The Executive Budget allocates \$3.3 billion in building aid for the 2025 school year.

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

Federal Aid Received by the State

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 85.1% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State Aid History

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

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

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

School district fiscal year (2024-2025): The State's 2024-25 Budget 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 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 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 \$37.6 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 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 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 Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

State Aid Litigation

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

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

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

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

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

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

State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2019-2020	\$ 21,657,131	\$ 14,218,461	65.65%
2020-2021	21,372,942	13,982,283	65.42
2021-2022	22,186,102	15,173,436	68.68
2022-2023	23,178,213	15,757,623	67.98
2023-2024	23,786,348	16,332,540	68.66
2024-2025 (Budgeted)	23,411,148	15,973,514	68.23
2024-2025 (Unaudited)	24,067,000	16,385,118	68.08
2025-2026 (Budgeted)	24,383,776	16,684,778	68.43

⁽¹⁾ General Fund only.

Source: Audited financial statements for the 2019-20 through 2023-24 fiscal years and adopted budgets for the 2024-25 and 2025-26 fiscal years, and unaudited financials for the 2024-2025 fiscal year. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Cuba-Rushford Elementary – Cuba	K-5	424	1937, 2001
Cuba-Rushford Middle/High School	6-12	700	1996, 2001
Elm Street Academy	N/A ⁽¹⁾	N/A ⁽¹⁾	1954, 2005

⁽¹⁾ The District leases this facility to the Cattaraugus-Allegany-Erie-Wyoming Board of Cooperative Educational Services (BOCES) as an alternative educational school serving area students and school districts.

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2020-2021	896	2025-2026	830
2021-2022	839	2026-2027	830
2022-2023	801	2027-2028	830
2023-2024	853	2028-2029	830
2024-2025	804	2029-2030	830

Source: District officials.

Employees

The District employs approximately 197 full-time and 5 part-time employees. The collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements are as follows:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
102	Cuba-Rushford Teachers' Association	June 30, 2027
87	Cuba-Rushford Educational Support Personnel	June 30, 2028
3	Cuba-Rushford Administrators Association	June 30, 2025 ⁽¹⁾
9	Individual Terms & Conditions of Employment	Various

⁽¹⁾ Currently under negotiations.

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 then-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 five years to ten years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from three years to five years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment. The State's 2024-25 Enacted Budget included a provision that improved the pension benefits of Tier VI members by modifying the final average salary calculation from 5 years back to 3 years. This measure was effective as of April 1, 2024 for PFRS Tier VI members and April 20, 2024 for ERS Tier VI members.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years, the budgeted and unaudited figures for the current fiscal year and the budgeted figures for the upcoming fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$ 287,620	\$ 542,097
2020-2021	259,222	603,521
2021-2022	251,098	645,009
2022-2023	222,694	687,856
2023-2024	298,723	655,412
2024-2025 (Budgeted)	348,560	739,849
2024-2025 (Unaudited)	360,000	740,000
2025-2026 (Budgeted)	396,589	751,509

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. For the 2017-2018 fiscal year the District offered paid single health insurance to employees age 65, for which four employees participated, which was an addition to the incentives that are already built into the contract.

The District had offered early retirement incentive programs as follows:

<u>Fiscal Year</u>	<u>Participants</u>	<u>Cost</u>	<u>Savings</u>
2018-2019	1	\$ 58,220	\$ 361,228
2019-2020	3	203,040	1,927,703
2020-2021	3	226,566	577,077
2021-2022	0	--	--
2022-2023	0	--	--
2023-2024	0	--	--
2024-2025	0	--	--

Note: the District has not offered early retirement incentives since the 2020-21 fiscal year.

Source: District officials.

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

A chart of average ERS and TRS rates as a percent of payroll (2020-21 to 2025-26) is shown below:

<u>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.

Other Post-Employment Benefits

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75. 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 Nyhart Actuary & Employee Benefits, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2023 and 2024. The following table outlines the changes to the Total OPEB Liability during the 2023 and 2024 fiscal years, by source.

	Balance at:	July 1, 2022	July 1, 2023
		\$ 5,503,975	\$ 5,391,527
<u>Changes for the year:</u>			
Service cost		388,486	338,620
Interest		126,988	230,175
Changes in Benefit Terms		-	-
Differences between expected and actual experience		604,922	135,045
Changes in assumptions or other inputs		(1,044,015)	301,040
Benefit payments		(188,829)	(206,883)
Net Changes		\$ (112,448)	\$ 797,997
	Balance at:	June 30, 2023	June 30, 2024
		\$ 5,391,527	\$ 6,189,524

Note: 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 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

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

Actuarial valuation will be required every two years for OPEB plans with more than 200 members, every three years if there are fewer than 200 members.

Other Information

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2024 and is attached hereto as “APPENDIX – D”. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

Anticipated Unaudited Results for Fiscal Year Ending June 30, 2025

The District expects to end the fiscal year ending June 30, 2025 with an unassigned fund balance of \$3,608,859.

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

Revenues:	\$ 24,067,000
Expenditures:	\$ 24,857,000
Excess (Deficit) Revenues Over Expenditures:	<u>\$ (790,000)</u>
Total Fund Balance at June 30, 2024:	\$ 11,670,338
Expected Total Fund Balance at June 30, 2025:	<u>\$ 10,880,338</u>

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

New York State Comptroller’s Report of Examination

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

The Office of the State Comptroller completed the fieldwork for an audit in the fall of 2024. The scope of the review focused on purchases from the District to the school lunch fund for school sponsored events. Previously, the District did not have a policy describing what types of meal costs would be allowable. Since the exit meeting with the Office of the State Comptroller, the District Board of Education has adopted a thorough policy addressing the concerns put forth by the auditor. As of the date of this Official Statement, the results and report of the audit are pending release.

Aside from the aforementioned there are no other State Comptroller’s audits of the District that have taken place in the previous five years, nor are any additional audits currently in progress or pending release.

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

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

The State Comptroller’s Fiscal Stress Monitoring System

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

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

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Belfast	\$ 3,490,783	\$ 3,552,554	\$ 3,547,898	\$ 3,614,473	\$ 5,299,182
Caneadea	18,851,853	18,868,744	18,909,438	19,225,114	19,203,031
Centerville	6,210,642	6,319,913	6,358,457	7,170,232	7,260,834
Clarksville	12,349,689	12,595,163	12,852,698	13,245,849	13,413,523
Cuba	153,698,420	154,575,768	152,952,727	258,260,301	259,516,020
Farmersville	25,791,312	25,980,620	26,049,414	26,645,768	47,901,297
Freedom	3,076,629	3,547,239	3,690,202	4,176,333	4,446,946
Friendship	754,411	757,463	758,324	1,122,320	1,123,550
Hinsdale	3,548,988	3,566,627	3,539,630	3,563,387	3,606,285
Ischua	13,075,641	13,076,779	13,545,027	13,958,156	14,162,277
Lyndon	9,951,891	9,999,571	10,264,783	10,948,932	11,221,968
New Hudson	33,894,526	34,161,773	36,219,437	37,600,344	37,519,251
Rushford	132,830,778	133,283,631	134,035,980	135,983,819	136,099,186
Total Assessed Values	<u>\$ 417,525,563</u>	<u>\$ 420,285,845</u>	<u>\$ 422,724,015</u>	<u>\$ 535,515,028</u>	<u>\$ 560,773,350</u>

State Equalization Rates

Towns of:					
Belfast	94.00%	91.00%	77.00%	69.00%	90.36%
Caneadea	100.00%	100.00%	93.00%	84.00%	78.50%
Centerville	100.00%	99.00%	87.00%	81.80%	78.72%
Clarksville	73.00%	70.00%	68.00%	62.00%	56.00%
Cuba	84.00%	83.00%	74.00%	100.00%	100.00%
Farmersville	92.00%	86.00%	76.00%	66.00%	100.00%
Freedom	94.00%	100.00%	100.00%	100.00%	100.00%
Friendship	82.00%	80.00%	72.00%	100.00%	99.70%
Hinsdale	85.00%	85.00%	79.00%	70.00%	64.00%
Ischua	85.00%	85.00%	79.00%	70.00%	64.00%
Lyndon	96.00%	94.00%	84.00%	73.00%	68.00%
New Hudson	82.00%	80.00%	77.00%	66.80%	63.00%
Rushford	96.00%	94.00%	85.00%	74.80%	65.88%
Total Taxable Full Valuation	<u>\$ 470,519,965</u>	<u>\$ 482,801,078</u>	<u>\$ 535,435,581</u>	<u>\$ 640,300,377</u>	<u>\$ 686,901,654</u>

⁽¹⁾ Significant change from previous year due to town-wide revaluation.

Tax Rates Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Belfast	\$ 13.85	\$ 13.95	\$ 15.29	\$ 14.27	\$ 10.48
Caneadea	13.02	12.69	12.66	11.72	12.07
Centerville	13.02	12.82	13.53	12.04	12.04
Clarksville	17.84	18.13	17.32	15.88	16.92
Cuba	15.50	15.29	15.91	9.85	9.47
Farmersville	14.15	14.76	15.49	14.92	9.47
Freedom	13.85	12.69	11.77	9.85	9.47
Friendship	15.88	15.86	16.35	9.85	9.50
Hinsdale	15.32	14.93	14.90	14.07	14.80
Ischua	15.32	14.93	14.90	14.07	14.80
Lyndon	13.56	13.50	14.02	13.49	13.93
New Hudson	15.88	15.86	15.29	14.74	15.04
Rushford	13.56	13.50	13.85	13.16	14.38

⁽¹⁾ Significant change from previous year due to town-wide revaluation.

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	\$ 6,127,015	\$ 6,127,015	\$ 6,304,698	\$ 6,304,698	\$ 6,507,739
Amount Uncollected ⁽¹⁾	416,033	498,297	381,542	389,954	471,123
% Uncollected	6.79%	8.13%	6.05%	6.19%	7.24%

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

Tax Collection Procedure

District taxes are due September 1. Taxes will be collected during the first thirty days with no penalty, during the second thirty days with a two percent penalty and for at least one day in November with a three percent penalty as approved by the Board so that uncollected taxes can be returned to the Treasurer of the Counties on November 15.

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

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted and unaudited figures of the current fiscal year and budgeted figures for the upcoming fiscal year comprised of real property taxes.

<u>Fiscal Year</u>	<u>Total Revenues ⁽¹⁾</u>	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2019-2020	\$ 21,657,131	\$ 6,143,505	28.37%
2020-2021	21,372,942	6,150,007	28.77
2021-2022	22,092,688	6,149,218	27.83
2022-2023	23,178,213	6,304,698	27.20
2023-2024	23,786,348	6,321,569	26.58
2024-2025 (Budgeted)	23,411,148	6,507,739	27.80
2025-2026 (Unaudited)	24,067,000	6,541,678	27.18
2025-2026 (Budgeted)	24,383,776	6,753,898	27.70

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

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

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
National Grid/Niagara Mohawk	Utility	\$10,582,549
Armstrong Telecommunications	Electronics	7,098,350
Mallard Dairy/Marsh Acres	Manufacturer	6,059,600
Rochester Gas & Electric Co.	Utility	4,433,423
Great Lakes Cheese Co Inc.	Food	5,250,000
DC Cuba, Inc.	Business	1,650,000
Nichols, Douglas	Individual	1,421,600
Nenno, Michael L.	Individual	1,381,600
Hollbrook Land, LLC	Manufacturer	1,210,081
Bradley Property Holding	Business	1,169,000

⁽¹⁾ Verizon filed a tax certiorari claim to reduce assessment in the Town of Farmersville by \$437,585 and the Town of Ischua by \$128,081. The outcome of such litigation is not known at this time; however, it is not expected to have a material impact on the District. As of the date of this Official Statement, the District does not have any other current pending or outstanding tax certiorari proceedings that are known or expected to have a material impact on the District.

The District was named in an article 78 lawsuit that challenged the Town of Cuba's 2023 assessment, in July 2024, the State of New York supreme court declared the 2023 assessment of the Town null and void and that the 2022 assessment will be reinstated until the Town performs a new assessment. The Town has filed an appeal with the outcome currently pending.

As of the date of this Continuing Disclosure Statement, the District does not have any additional pending or outstanding tax certiorari proceedings that are known or expected to have a material impact on the District.

The ten larger taxpayers listed above have a total taxable assessed valuation of \$40,256,203, which represents 5.89% of the tax base of the District for the 2024-25 fiscal year.

Source: District Tax Rolls.

STAR – School Tax Exemption

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

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

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

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

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Belfast	\$ 77,800	\$ 27,110	4/10/2025
Caneadea	67,590	23,550	4/10/2025
Centerville	67,780	23,620	4/10/2025
Clarksville	48,220	16,800	4/10/2025
Cuba	86,100	30,000	4/10/2025
Farmersville	86,100	31,110	4/10/2025
Freedom	86,100	30,000	4/10/2025
Friendship	85,840	29,910	4/10/2025
Hinsdale	55,100	19,200	4/10/2025
Ischua	55,100	19,200	4/10/2025
Lyndon	58,550	20,400	4/10/2025
New Hudson	86,100	30,000	4/10/2025
Rushford	56,720	20,200	4/10/2025

\$629,526 of the District's \$6,507,739 school tax levy for 2024-25 was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2025.

Approximately \$600,000 of the District's \$6,728,593 school tax levy for 2025-26 is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State in January 2026.

Additional Tax Information

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

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

Total assessed valuation of the District is estimated to be categorized as follows: Agricultural – 3%, Residential –61%, State Land – 5%, Commercial - 3%, and Other – 28%.

The school district and library taxes of an average homeowner (\$100,000) within the District, including STAR, totals \$1,217.

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.)

On June 25, 2015, Chapter 20 of the 2015 Laws of New York ("Chapter 20") amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. Recent legislation has made it permanent. Chapter 20 also affects the calculation of the tax base growth factor, as outlined below.

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. 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. Chapter 20 additionally allows the State Commissioner of Taxation and Finance to adjust for changes in the real property base to reflect development on tax-exempt real property, although no such regulations have been promulgated as of the date of this Official Statement. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

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

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and is an exclusion from the tax levy limitation. The State Commissioner of Taxation and Finance has promulgated a regulation that will allow school districts, beginning in the year 2020-2021 school year, to adjust the exclusion to reflect a school District's share of capital expenditures related to projects funded through a board of cooperative educational services ("BOCES").

See "THE SCHOOL DISTRICT – Budgetary Procedures" herein for additional information regarding the District's Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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 may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of such bonds. No down payment is required in connection with the issuance of District obligations.

The Local Finance Law also authorizes the District to issue revenue anticipation notes, in anticipation of the collection of a specific type of revenue, such as State aid.

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

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

- (1) (a) Such obligations were authorized for an object or purpose for which the District is not authorized to expend money, or
(b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with.

and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of the notice; or

- (2) Such obligations were authorized in violation of the provisions of the Constitution of New York.

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 4,600,000	\$ 4,200,000	\$ 12,780,000	\$ 11,765,000	\$ 10,790,000
Bond Anticipation Notes	11,915,000	11,020,000	0	0	4,880,000
Energy Performance Contract	<u>106,285</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 16,621,285</u>	<u>\$ 15,220,000</u>	<u>\$ 12,780,000</u>	<u>\$ 11,765,000</u>	<u>\$ 15,670,000</u>

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Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of July 2, 2025:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2032	\$ 10,790,000
<u>Bond Anticipation Notes</u>	June 26, 2026	<u>4,880,000</u>
	Total Indebtedness	<u>\$ 15,670,000</u>

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of July 2, 2025:

Full Valuation of Taxable Real Property	\$ 686,901,654
Debt Limit 10% thereof	68,690,165

Inclusions:

Bonds.....\$ 10,790,000

Bond Anticipation Notes (BANs):.....4,880,000

Total Inclusions prior to issuance of the Notes 15,670,000

Less: BANs being redeemed from appropriations 0

Add: New money proceeds of the Notes 1,400,000

Total Net Inclusions after issuance of the Notes \$ 17,070,000

Exclusions:

State Building Aid ⁽¹⁾ \$ 0

Total Exclusions..... \$ 0

Total Net Indebtedness \$ 17,070,000

Net Debt-Contracting Margin \$ 51,620,165

Percent of Debt Contracting Power Exhausted 24.85%

- ⁽¹⁾ Based on preliminary 2025-2026 building aid estimates, the District anticipates State building aid of 85.1% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates; however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

Bonded Debt Service

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

Cash Flow Borrowings

The 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.

Other Obligations

On July 1, 2020, the District entered into a five-year lease agreement in the amount of \$130,000 to install new building controls. The District made quarterly payments of \$7,299.37 commencing August 18, 2020 with the final payment made on May 18, 2025.

Capital Project Plans

On June 11, 2024 the Board of Education adopted a bond resolution authorizing the use of \$3,000,000 of capital reserve fund monies of the District and the issuance of up to \$26,000,000 of obligations of the District to undertake a capital improvements project consisting of the reconstruction and renovation, in part, and improvements and additions to, improvements and upgrades to, various District buildings and facilities and the sites thereof. On July 25, 2024 the District issued \$5,000,000 bond anticipation notes as the first borrowing against this authorization for the aforementioned purpose. On June 26, 2025 the District issued \$4,880,000 bond anticipation notes, the proceeds of which, along with \$120,000 available funds of the District redeemed and renewed in part the outstanding \$5,000,000 obligations. The District expects to issue additional bond anticipation notes for this project in June of 2026.

On December 12, 2024 the qualified voters of the District approved the financing of \$1.4 million to be used to replace the roof on the Elm Street Academy building and for the emergency freezer replacement project. The proceeds of the Notes represents the initial borrowing and fully exhausts the borrowing authorization for this project.

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 as of the close of the fiscal year for each of the municipalities listed below.

<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>Net Overlapping Indebtedness</u>
County of:						
Allegany	6/28/2024	\$ 14,950,000 (3)	\$ 1,185,000	\$ 13,765,000	18.15%	\$ 2,498,348
Cattaraugus	8/5/2024	38,830,000 (3)	-	38,830,000	1.26%	489,258
Town of:						
Belfast	12/31/2023	1,157,806 (4)	- (5)	1,157,806	5.36%	62,058
Caneadea	12/31/2023	6,661,122 (4)	- (5)	6,661,122	18.64%	1,241,633
Centerville	12/31/2023	- (4)	- (5)	-	13.60%	-
Clarksville	12/31/2023	- (4)	- (5)	-	24.95%	-
Cuba	12/31/2023	758,000 (4)	- (5)	758,000	97.13%	736,245
Farmersville	12/31/2023	73,662 (4)	- (5)	73,662	35.62%	26,238
Freedom	12/31/2023	- (4)	- (5)	-	2.41%	-
Friendship	12/31/2023	809,782 (4)	- (5)	809,782	1.11%	8,989
Hinsdale	12/31/2023	160,000 (4)	- (5)	160,000	2.85%	4,560
Ischua	12/31/2023	- (4)	- (5)	-	31.50%	-
Lyndon	12/31/2023	90,000 (4)	- (5)	90,000	19.64%	17,676
New Hudson	12/31/2023	- (4)	- (5)	-	90.70%	-
Rushford	12/31/2023	- (4)	- (5)	-	100.00%	-
Village of:						
Cuba	5/31/2023	1,062,375 (4)	- (5)	1,062,375	100.00%	1,062,375
					Total:	<u>\$ 6,147,380</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.

Information regarding excludable debt not available

Debt Ratios

The following table sets forth certain ratios relating to the District's Net Indebtedness as of July 2, 2026:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 17,070,000	\$ 2,573.11	2.49%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	23,217,380	3,499.76	3.38

(a) The current estimated population of the District is 6,634. (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for the 2024-2025 fiscal year is \$686,901,654. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

(d) The District's applicable share of Net Overlapping Indebtedness is estimated to be \$6,147,380. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

No Past Due Debt. No principal of or interest on School District indebtedness is past due.

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.

Inflation Reduction Act

On August 16, 2022, former President Biden signed into law the Inflation Reduction Act of 2022 (H.R. 5376). For tax years beginning after 2022, this legislation will impose a minimum tax of 15 percent on the “adjusted financial statement income” of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with at least \$1 billion in average annual earnings, and certain foreign-parented multinational corporations with at least \$100 million in average annual earnings, determined over a three-year period. For this purpose, adjusted financial statement income is not reduced for interest earned on tax-exempt obligations. Prospective holders of the Notes that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Notes.

MARKET AND RISK FACTORS

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

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

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. 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. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State’s economy and financial condition due to the COVID19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See “*State Aid*” herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see “TAX MATTERS” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See “TAX LEVY LIMITATION LAW” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Notes.

The Trump administration has publicly discussed dismantling the federal Education Department. It is not possible to know what impact that would have on school districts across the country, including the School District. Additionally, the Trump administration has proposed tariffs on a variety of different nations across the globe. The effects of such tariffs are not known at this time.

TAX MATTERS

The Notes

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Code. In addition, we note that interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Tax Requirements

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the tax compliance certificate and nonarbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the "Tax Certificate") establishes the requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

- 1 The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a "private activity bond" within the meaning of Code section 141;
- 2 The requirements contained in Code section 148 relating to arbitrage bonds; and
- 3 The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code section 149(b).

In the Tax Certificate, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Bank Qualified

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

Other Impacts

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Future Legislation

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

No representation is made as to the likelihood of such proposals being enacted, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes.

Prospective purchasers of the Notes should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Notes at other than their original issuance at the respective prices set indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

New York State Taxes

In the opinion of Bond Counsel, interest on the Notes is exempt, under existing statutes, from New York State and New York City personal income taxes.

Miscellaneous

All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. Unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Notes regarding the tax status of the interest thereon in the event of an audit examination by the Service.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

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LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Hodgson Russ LLP, Bond Counsel, Buffalo, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable 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, subject to the statutory limitation imposed by the Tax Levy Limitation Law, (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases. See "TAX LEVY LIMITATION LAW" herein.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth in the description of Bond Counsel's opinion above).

LITIGATION

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

Verizon filed a tax certiorari claim to reduce assessment in the Town of Farmersville by \$437,585 and the Town of Ischua by \$128,081. The outcome of such litigation is not known at this time; however, it is not expected to have a material impact on the District. As of the date of this Official Statement, the District does not have any other current pending or outstanding tax certiorari proceedings that are known or expected to have a material impact on the District.

The District was named in an Article 78 lawsuit that challenged the Town of Cuba's 2023 assessment. In July 2024, the State of New York Supreme court declared the 2023 assessment null and void and that the 2022 assessment roll be reinstated until the town performs a new reassessment. The Town of Cuba has filed an appeal. There is no further information regarding this claim as of this official statement.

There is no action, suit, proceeding 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 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.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the District will enter into a Disclosure Undertaking, of the form of which is which is attached hereto as "APPENDIX – C." A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

The District has established procedures designed to ensure that its filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through the Electronic Municipal Market Access System.

Continuing Disclosure Compliance History

Except as noted below, the District is, in all material respects, in compliance with all prior undertakings pursuant to the Rule for the past five years.

The District had an interest payment due in the amount of \$51,275.00 with respect to its \$6,536,733 School District Serial Bonds, 2017. Due to a clerical error, the payment was not made until January 3, 2023. The District has implemented multi-level checks to ensure timely payments moving forward. The District had the funds available in its account to make the payment at the time it was due. The Material Event Notice was not filed to the Electronic Municipal Market Access ("EMMA") until January 3, 2023.

MUNICIPAL ADVISOR

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

RATING

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

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P Global") has assigned its underlying rating of "A+" with a stable outlook to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating any desired explanation of the significance of such rating should be obtained from S&P Global, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

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

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

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

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

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

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

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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 contact information is as follows: Nicky Linderman, Business Administrator, Cuba-Rushford Central School District, 5476 Route 305 North, Cuba, New York 14727, Phone: (585) 968-2650 x4413, Fax: (585) 968-2651, Email: nlinderman@mycrs.org.

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

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

Dated: July 2, 2025

CASEY LINDERMAN
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	\$ 5,174,666	\$ 4,695,195	\$ 4,152,634	\$ 4,845,608	\$ 4,170,557
Restricted Cash	4,237,237	4,237,237	4,237,237	4,237,237	4,291,891
Due from Other Funds	19,544	751,656	1,717,556	2,648,278	2,782,717
State and Federal Aid Receivable	394,949	962,472	1,423,861	413,641	647,352
Other Receivables	9,169	28,732	26,960	41,598	59,144
Due from Other Governments	1,863,473	1,795,204	1,684,641	2,065,725	2,028,040
Inventories	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ 11,699,038</u></u>	<u><u>\$ 12,470,496</u></u>	<u><u>\$ 13,242,889</u></u>	<u><u>\$ 14,252,087</u></u>	<u><u>\$ 13,979,701</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 474,307	\$ 580,144	\$ 527,554	\$ 474,778	\$ 141,068
Accrued Liabilities	180,825	139,329	177,012	194,651	204,704
Due to Other Funds	701,679	-	318,074	854,752	1,058,244
Deferred Revenues	-	-	-	-	-
Due to Other Governments	-	-	1,100	-	-
Due to Teachers' Retirement Systems	628,755	681,543	739,351	811,570	843,563
Due to Employees' Retirement Systems	45,472	50,815	18,851	3,631	61,784
TOTAL LIABILITIES	<u><u>2,031,038</u></u>	<u><u>1,451,831</u></u>	<u><u>1,781,942</u></u>	<u><u>2,339,382</u></u>	<u><u>2,309,363</u></u>
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,237,237	4,237,237	4,237,237	4,237,237	4,291,891
Assigned	1,496,323	2,233,953	2,305,630	2,668,692	2,980,059
Unassigned	3,934,440	4,547,475	4,918,080	5,006,776	4,398,388
TOTAL FUND EQUITY	<u><u>9,668,000</u></u>	<u><u>11,018,665</u></u>	<u><u>11,460,947</u></u>	<u><u>11,912,705</u></u>	<u><u>11,670,338</u></u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>\$ 11,699,038</u></u>	<u><u>\$ 12,470,496</u></u>	<u><u>\$ 13,242,889</u></u>	<u><u>\$ 14,252,087</u></u>	<u><u>\$ 13,979,701</u></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>
<u>REVENUES</u>					
Real Property Taxes	\$ 6,012,772	\$ 6,143,505	\$ 6,150,007	\$ 6,149,218	\$ 6,371,670
Other Tax Items	20,463	-	-	-	33,471
Charges for Services	80,065	30,525	59,166	63,145	94,554
Use of Money & Property	286,877	337,081	277,725	278,715	314,771
Sale of Property and Compensation for Loss	12,731	13,847	12,467	12,705	1,627
Miscellaneous	453,037	411,697	254,791	213,625	316,293
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	13,184,924	14,218,461	13,982,283	15,173,436	15,757,622
Revenues from Federal Sources	242,319	148,370	534,445	201,844	182,605
Total Revenues	<u>\$ 20,293,188</u>	<u>\$ 21,303,486</u>	<u>\$ 21,270,884</u>	<u>\$ 22,092,688</u>	<u>\$ 23,072,613</u>
Other Sources:					
Interfund Transfers	39,090	353,645	102,058	93,414	105,600
Total Revenues and Other Sources	<u>20,332,278</u>	<u>21,657,131</u>	<u>21,372,942</u>	<u>22,186,102</u>	<u>23,178,213</u>
<u>EXPENDITURES</u>					
General Support	\$ 3,698,683	\$ 3,166,616	\$ 3,429,352	4,044,347	\$ 3,722,583
Instruction	9,742,573	9,768,885	9,952,649	10,851,816	11,536,938
Pupil Transportation	1,148,323	1,073,510	1,154,565	1,105,786	1,186,824
Community Services	-	-	-	-	-
Employee Benefits	3,895,705	3,822,057	3,808,991	4,045,302	4,198,987
Debt Service	1,369,750	1,976,720	896,212	1,553,897	1,851,747
Total Expenditures	<u>\$ 19,855,034</u>	<u>\$ 19,807,788</u>	<u>\$ 19,241,769</u>	<u>\$ 21,601,148</u>	<u>\$ 22,497,079</u>
Other Uses:					
Interfund Transfers	644,392	315,265	780,508	142,672	229,376
Total Expenditures and Other Uses	<u>20,499,426</u>	<u>20,123,053</u>	<u>20,022,277</u>	<u>21,743,820</u>	<u>22,726,455</u>
Excess (Deficit) Revenues Over Expenditures	<u>(167,148)</u>	<u>1,534,078</u>	<u>1,350,665</u>	<u>442,282</u>	<u>451,758</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	8,301,070	8,133,922	9,668,000	11,018,665	11,460,947
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 8,133,922</u>	<u>\$ 9,668,000</u>	<u>\$ 11,018,665</u>	<u>\$ 11,460,947</u>	<u>\$ 11,912,705</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2024			2025	2026
	Adopted <u>Budget</u>	Modified <u>Budget</u>	Audited <u>Actual</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 6,304,698	\$ 6,304,698	\$ 6,321,569	\$ 6,507,739	\$ 6,728,593
Other Tax Items	27,155	27,155	-	25,095	25,305
Charges for Services	133,800	133,800	160,144	133,800	168,500
Use of Money & Property	319,000	319,000	414,623	321,000	361,600
Sale of Property and Compensation for Loss	2,000	2,000	10,427	-	-
Miscellaneous	250,000	250,000	393,603	250,000	250,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	16,221,323	16,221,323	16,332,540	15,973,514	16,684,778
Revenues from Federal Sources	200,000	200,000	153,442	200,000	165,000
Total Revenues	<u>\$ 23,457,976</u>	<u>\$ 23,457,976</u>	<u>\$ 23,786,348</u>	<u>\$ 23,411,148</u>	<u>\$ 24,383,776</u>
Other Sources:					
Interfund Transfers	-	1,000,000	-	155,975	100,000
Fund Balance	2,511,219	2,868,211	-	2,879,647	2,605,464
Total Revenues and Other Sources	<u>25,969,195</u>	<u>27,326,187</u>	<u>23,786,348</u>	<u>26,446,770</u>	<u>27,089,240</u>
<u>EXPENDITURES</u>					
General Support	\$ 3,384,214	\$ 4,068,790	\$ 3,977,363	\$ 3,554,579	\$ 3,979,082
Instruction	13,192,286	13,015,122	11,618,685	13,489,717	13,535,959
Pupil Transportation	1,394,252	1,417,879	1,174,627	1,413,831	1,440,206
Community Services	-	-	-	-	-
Employee Benefits	5,931,770	5,757,723	4,456,879	6,016,044	6,192,143
Debt Service	2,066,673	1,903,673	1,720,176	1,972,599	1,778,850
Total Expenditures	<u>\$ 25,969,195</u>	<u>\$ 26,163,187</u>	<u>\$ 22,947,730</u>	<u>\$ 26,446,770</u>	<u>\$ 26,926,240</u>
Other Uses:					
Interfund Transfers	-	1,163,000	1,080,985	-	163,000
Total Expenditures and Other Uses	<u>25,969,195</u>	<u>27,326,187</u>	<u>24,028,715</u>	<u>26,446,770</u>	<u>27,089,240</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(242,367)</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	-	-	11,912,705	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,670,338</u>	<u>\$ -</u>	<u>\$ -</u>

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	\$ 975,000	\$ 505,400	\$ 1,480,400
2026	1,020,000	469,250	1,489,250
2027	1,055,000	431,300	1,486,300
2028	1,095,000	390,650	1,485,650
2029	1,135,000	347,150	1,482,150
2030	1,185,000	300,750	1,485,750
2031	1,235,000	251,000	1,486,000
2032	995,000	199,050	1,194,050
2033	825,000	153,500	978,500
2034	865,000	112,250	977,250
2035	910,000	69,000	979,000
2036	470,000	23,500	493,500
2037	-	-	-
TOTALS	\$ 11,765,000	\$ 3,252,800	\$ 15,017,800

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2017 Series Bonds			2023A DASNY Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 420,000	\$ 86,150	\$ 506,150	\$ 555,000	\$ 419,250	\$ 974,250
2026	435,000	77,750	512,750	585,000	391,500	976,500
2027	440,000	69,050	509,050	615,000	362,250	977,250
2028	450,000	59,150	509,150	645,000	331,500	976,500
2029	460,000	47,900	507,900	675,000	299,250	974,250
2030	475,000	35,250	510,250	710,000	265,500	975,500
2031	490,000	21,000	511,000	745,000	230,000	975,000
2032	210,000	6,300	216,300	785,000	192,750	977,750
2033	-	-	-	825,000	153,500	978,500
2034	-	-	-	865,000	112,250	977,250
2035	-	-	-	910,000	69,000	979,000
2036	-	-	-	470,000	23,500	493,500
2037	-	-	-	-	-	-
TOTALS	\$ 3,380,000	\$ 402,550	\$ 3,782,550	\$ 8,385,000	\$ 2,850,250	\$ 11,235,250

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Cuba-Rushford Central School District, Allegany and Cattaraugus Counties, New York (the “Issuer”) in connection with the issuance of its [\$1,400,000] Bond Anticipation Note, 2025A (such Notes(s) including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) 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 Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond (or Note) calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions.

“EMMA” means Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

“Purchaser” means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

“Security Holder” means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

(a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of [July 23, 2025].

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
ALLEGANY AND CATTARAUGUS COUNTIES, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

For the Fiscal Year Ending

June 30, 2024

Such Financial Statements 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.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT

2024 FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the President and Members of
The Board of Education
Cuba-Rushford Central School District
Cuba, New York

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the **Cuba-Rushford 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.

Report on Summarized Comparative Information

We have previously audited the **Cuba-Rushford Central School District's** June 30, 2023 financial statements, and our report dated December 5, 2023, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 **Cuba-Rushford 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 **Cuba-Rushford 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 **Cuba-Rushford Central School District's** ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-9) and budgetary comparison information (pages 34-35) schedule of changes in District's net OPEB liability and related ratios (page 41), schedule of District contributions – OPEB (page 42), schedule of the District contributions for defined benefit pension plans (page 43) and the schedule of the District's proportionate share of the net pension asset/liability (page 44) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Cuba-Rushford Central School District's** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of the **Cuba-Rushford 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 **Cuba-Rushford 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 **Cuba-Rushford Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
October 10, 2024

I. Discussion and Analysis

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

II. Financial Highlights

The following items are the financial highlights experienced by the **Cuba-Rushford Central School District** during the fiscal year ended June 30, 2024:

- Overall net position from operations of the District increased during the current year in the amount of \$909,000 as compared to an increase of \$982,000 during the prior fiscal year.
- The District's total revenue increased 9% from \$25,679,000 for the year ended June 30, 2023 to \$27,998,000 for the year ended June 30, 2024. During the current year, the District had increases in pandemic related grant funding and state aid.
- The District's total expenses increased approximately 10% from \$24,697,000 during the year ended June 30, 2023 to \$27,089,000 during the year ended June 30, 2024. This increase was primarily the result of increases in pension expense and other post-employment benefit (OPEB) expense related to actuarial updates, along with increases in BOCES expense and depreciation.
- The District's had capital outlays during the current year in the amount of approximately \$3,845,000, which was primarily related to the costs associated with the District's capital projects, improvements purchased through Federal grants and right-to-use technology equipment.

III. Overview of the Financial Statements

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

**III. Overview of the Financial Statements
(continued)**

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Page 4

**III. Overview of the Financial Statements
(continued)**

B. *Reporting the District's Most Significant Funds (Fund Financial Statements):*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds

**III. Overview of the Financial Statements
(continued)**

B. *Reporting the District's Most Significant Funds (Fund Financial Statements) (continued):*

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

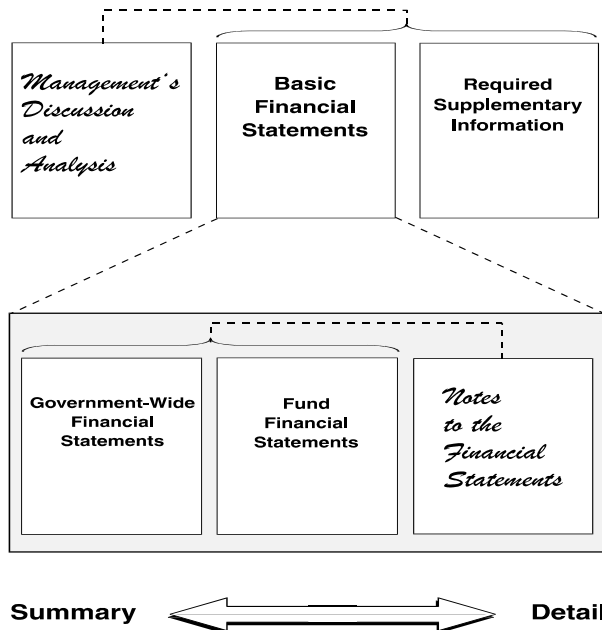
2. Fiduciary Funds

The District do not have activities that qualify for reporting as a fiduciary fund.

Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Funds used to account for resources held for the benefit of parties outside the District
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital or right-to-use assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital and right-to-use assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$32,745,000. The components of net position include: net investment in capital and right to use assets, of \$24,526,000; restricted net position of \$5,260,000; and unrestricted net position of \$2,959,000 as of June 30, 2024.

Changes in Net Position

The District's total government-wide revenue increased by 9% to \$27,998,000. Approximately 22%, 14% and 58% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 6% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 10% to \$27,089,000. The District's expenses cover a range of services, with 71% related to instruction and 18% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased 9% while total expenses increased 10%. The District's total net position increased from operations approximately \$909,000 during the fiscal year ended June 30, 2024.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$27,998,000 for the fiscal year ended June 30, 2024. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 22% of the District's total revenue for governmental activities decreased approximately 1% during the year ended June 30, 2024.
- The District's most significant revenue is state sources which represent \$16,471,000 or 58% of total governmental revenue. The District's state sources increased 4%, primarily related to an increase in state aid, including BOCES aid.
- During the year ended June 30, 2024, the District saw an increase in program revenue in the amount of \$1,563,000. This increase was primarily related to operating grants and contributions increased approximately \$1,482,000 as compared with the prior year revenue, and charges for services increased \$81,000. The increase in operating grants and contributions was related to an increase in Pandemic related Federal grants.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Page 6

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$27,089,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$231,000 or 5% as a result of an increase in pension and OPEB expense resulting from actuarial updates, along with increases in BOCES expenses.
- The District's instruction costs increased by approximately \$2,004,000 or 11%, which was primarily the result of increases in pension and OPEB expense due to actuarial updates, along with increases in BOCES expenses, depreciation and salaries.
- Debt service of the District did not change during the year ended June 30, 2024 as compared with the prior year.
- Transportation costs of the District increased 8% or \$121,000 during the year ended June 30, 2024 primarily related to increases in pension and OPEB expense resulting from actuarial updates, along with an increase in salaries and BOCES expenses.
- The District's cost of sales (food service fund) totaled \$656,000 during the current year as compared to \$620,000 during the fiscal year ended June 30, 2023. This increase was related to an increase in salaries and benefits.
- The District received approximately \$4,043,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$23.0 million) were financed by real property taxes and state aid.

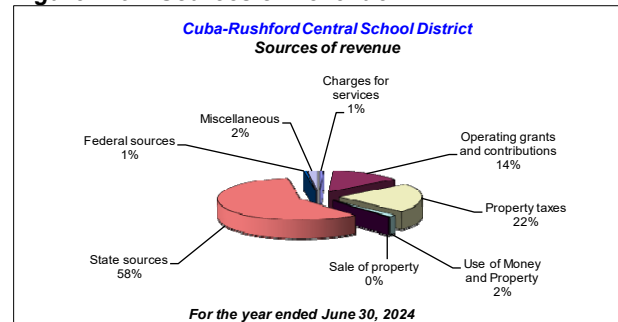
Figure A-3 – Condensed Statement of Net Position

Cuba-Rushford Central School District Condensed Statement of Net Position (in thousands of dollars)			
	Governmental Activities and Total District-wide		
	2024	2023	% Change
Assets			
Current and other assets	\$ 15,820	\$ 16,639	-5%
Capital and Right-to-use assets	36,386	34,735	5%
Total assets	52,206	51,374	2%
Deferred Outflows of Resources			
Deferred outflows - pensions and OPEB	5,707	6,395	-11%
Deferred outflows of resources and assets	\$ 57,913	\$ 57,769	0%
Liabilities			
Other liabilities	\$ 1,867	\$ 1,758	6%
Long-term liabilities	21,000	22,018	-5%
Total liabilities	22,867	23,776	-4%
Deferred Inflows of Resources			
Deferred inflows - pensions and OPEB	2,301	2,157	7%
Deferred inflows of resources and liabilities	25,168	25,933	-3%
Net Position			
Net investment in capital and right-to-use assets	24,526	22,372	10%
Restricted	5,260	5,205	1%
Unrestricted	2,959	4,259	-31%
Total net position	32,745	31,836	3%
Total liabilities, deferred inflows of resources and net position	\$ 57,913	\$ 57,769	0%

Figure A-4 – Changes in Net Position

Cuba-Rushford Central School District Changes in Net Position from Operating Results (in thousands of dollars)			
	Governmental Activities and Total District-wide		
	2024	2023	% Change
Revenue			
Program revenue			
Charges for services	\$ 227	\$ 146	56%
Operating grants and contributions	3,816	2,334	64%
General revenue			
Real property taxes	6,322	6,405	-1%
Use of money & property	426	316	35%
Sale of property & comp for loss	54	1	5292%
State sources	16,471	15,894	4%
Federal sources	153	183	-16%
Miscellaneous	529	400	32%
Total revenue	27,998	25,679	9%
Expenses			
General support	4,874	4,643	5%
Instruction	19,439	17,435	11%
Transportation	1,665	1,544	8%
Debt service - interest	455	455	0%
Cost of sales	656	620	6%
Total expenses	27,089	24,697	10%
Change in net position	\$ 909	\$ 982	

Figure A-5 – Sources of Revenue



**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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Figure A-6 – Expenses

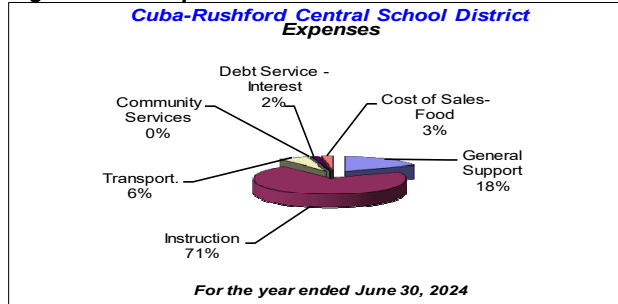


Figure A-7 – Expenditures Supported with Program Revenue

Cuba-Rushford Central School District Expenditures supported with program revenue (in thousands of dollars)				
	Governmental Activities & Total District			
	2024	2023		
Expenditures supported with general revenue (from taxes & other sources)	\$ 23,046	85%	\$ 22,217	90%
Expenditures supported with program revenue	4,043	15%	2,480	10%
Total expenditures related to governmental activities	\$ 27,089	100%	\$ 24,697	100%

Figure A-8 – Net Cost of Governmental Activities

Cuba-Rushford Central School District Net Cost of Governmental Activities (in thousands of dollars)						
	Total cost of services			Net cost of services		
	2024	2023	Change	2024	2023	Change
General support	\$ 4,874	\$ 4,643	\$ 231	\$ 4,874	\$ 4,643	\$ 231
Instruction	19,439	17,435	2,004	16,119	15,562	557
Transportation	1,665	1,544	121	1,665	1,544	121
Debt service - interest	455	455	0	455	455	0
Cost of sales - food	656	620	36	(67)	13	(80)
Total	\$ 27,089	\$ 24,697	\$ 2,392	\$ 23,046	\$ 22,217	\$ 829

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds.

V. Financial Analysis of the School District's Funds

Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures and other uses exceeded revenue and other sources by approximately \$242,000.
- The District's general fund unassigned fund balance equated to approximately \$4,398,000 as of June 30, 2024.
- The District maintained many fund balance reserves during the year ended June 30, 2024, and had a total restricted fund balance of approximately \$4,292,000.
- The District's total assets decreased approximately \$272,000 as of June 30, 2024 primarily due to a decrease in cash, which was partially offset by an increase in due from other funds. The District's liabilities decreased approximately \$30,000, related to a decrease in accounts payable, which was partially offset by an increase in due to other funds.
- Total revenue in the District's general fund increased \$607,000, which was primarily related to an increase in State aid and interest earned. Total expenditures in the District's general fund increased \$1,302,000 as a result of increases in operating transfer out, along with increases health insurance costs and BOCES expenditures.

Food Service Fund

- The District's food service fund experienced a \$45,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was \$722,000 during 2024 as compared with \$608,000 in 2023. Expenditures increased approximately \$58,000. In the current and prior year, the District participated in the Community Eligibility Provision (CEP) program, where students eat breakfast and lunches at no charge. In the current year, the NYS reimbursed schools for meals not reimbursed by the Federal government under the CEP program.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$1,307,000 primarily related to an increase in Pandemic related Federal grants.

Capital Projects Fund

- The District had expenditures of approximately \$1,977,000 in capital projects during the year ended June 30, 2024, which was primarily related to costs associated with the 2023 capital improvement project, capital outlay project and energy project.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Page 8

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$3,298,000 below the revised budget. The most significant positive variances were in the area of instruction and employee benefits which totaled approximately \$1,396,000 and \$1,301,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$328,000 above the final budgeted amount. Significant positive variances existed in local sources and State sources which totaled approximately \$263,000 and \$112,000, above that budgeted.

Figure A-9 – Budget vs. Actual Comparison

<i>Cuba-Rushford Central School District</i>				
General Fund - Budget vs Actual Comparison (in thousands of dollars)				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 7,037	\$ 7,300	\$ 263	4%
State sources	16,221	16,333	112	1%
Federal sources	200	153	(47)	-23%
Other sources	-	-	-	n/a
Total revenue	\$ 23,458	\$ 23,786	\$ 328	1%
Expenditures				
General support	\$ 4,069	\$ 3,977	\$ 92	2%
Instruction	13,015	11,619	1,396	11%
Transportation	1,418	1,175	243	17%
Employee benefits	5,758	4,457	1,301	23%
Debt service	1,904	1,720	184	10%
Operating transfers	1,163	1,081	82	7%
Total expenditures	\$ 27,327	\$ 24,029	\$ 3,298	12%

VII. Capital and Right-to-Use Assets and Debt Administration

Capital and Right-to-Use Assets

As depicted in Figure A-10, as of June 30, 2024, the District had invested approximately \$36,386,000 in a broad range of capital and right-to-use assets, including reconstruction projects and other equipment. Capital additions made during the year ended June 30, 2024, totaled approximately \$3,845,000 and consisted primarily of costs associated with the District's capital projects, improvements purchased through Federal grants and right-to-use technology equipment. More detailed information about the District's capital assets is presented in the notes of the financial statements.

VII. Capital and Right-to-Use Assets and Debt Administration (continued)

Long-term Debt

As depicted in Figure A-11, as of June 30, 2024, the District had approximately \$20,999,000 in bonds, lease, net pension liabilities, retirement incentive, compensated absences and other post-employment benefits, a decrease of approximately 5% as compared with the previous year. The change in bonds payable was a result of the District making regularly scheduled principal payments on existing bonds. Other post-employment benefit liability increased during the current year resulting from an actuarial update. The District's net pension liability to NYS Employees' Retirement System and NYS Teacher's Retirement System both decreased in the current year as the result of actuarial updates.

Figure A-10 – Capital and Right-to-Use Assets

<i>Cuba-Rushford Central School District</i>			
Capital and Right-to-use Assets (net of depreciation/amortization)			
	Governmental Activities & Total District-wide		
	2024	2023	Change
Land	\$ 132,268	\$ 132,268	0%
Buildings	48,440,521	47,482,128	2%
Construction in progress	3,897,255	1,920,681	103%
Equipment	11,023,929	10,542,606	5%
Accumulated depreciation/amortization	(27,107,484)	(25,343,074)	7%
Total Capital and Right-to-Use Assets, net	\$ 36,386,489	\$ 34,734,609	5%

Figure A-11 – Outstanding Long-term Debt

<i>Cuba-Rushford Central School District</i>			
Outstanding Long-Term Debt and Liabilities			
	Governmental Activities & Total District-wide		
	2024	2023	Change
Bonds payable	\$ 12,797,178	\$ 14,023,194	-9%
Net pension liabilities	1,589,506	2,156,334	-26%
Lease liability	28,391	55,532	-49%
Other post-employment benefits	6,189,524	5,391,527	15%
Compensated absences	394,288	391,716	1%
Total Long-Term Debt	\$ 20,998,887	\$ 22,018,303	-5%

VIII. Factors Bearing on the District's Future

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

- The District is uncertain as to the level of State funding as it moves out of the Pandemic.
- The 2024-25 New York State budget calls for the Rockefeller Institute to conduct a study to assess the State's Foundation Aid educational funding formula. Modifications to the formula could have an impact on future state aid that is distributed to the District

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Cuba-Rushford Central School District
Attention: Administrative Office
5476 Route 305
Cuba, New York 14727

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

Schedule 1

Page 10

	2024	2023
Assets		
Cash		
Unrestricted	\$ 4,024,565	\$ 4,932,952
Restricted	5,259,625	5,204,660
Receivables		
State and federal aid	3,292,736	1,261,342
Other receivables	62,360	42,498
Due from other governments	2,028,040	2,065,725
Inventories	18,344	12,900
Cash to be used towards capital projects	1,133,435	3,119,020
Capital and right-to-use assets, net	36,386,489	34,734,609
Total assets	<u>52,205,594</u>	<u>51,373,706</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	4,058,895	4,922,957
Deferred outflows related to OPEB	1,648,188	1,472,119
Total assets and deferred outflows of resources	<u>\$ 57,912,677</u>	<u>\$ 57,768,782</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 593,521	\$ 564,004
Accrued liabilities	206,523	207,053
Accrued interest	21,000	33,000
Due to other governments	2,384	2,459
Due to retirement systems	930,228	925,924
Unearned revenue	113,786	24,891
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	975,000	1,015,000
Lease liability	28,391	27,141
Portion due or payable after one year		
Bonds payable	11,822,178	13,008,194
Lease liability	-	28,391
Net pension liability - NYS Employees' Retirement System	1,135,594	1,416,953
Net pension liability - NYS Teachers' Retirement System	453,912	739,381
Other post-employment benefits	6,189,524	5,391,527
Compensated absences	394,288	391,716
Total liabilities	<u>22,866,329</u>	<u>23,775,634</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	895,840	406,722
Deferred inflows related to OPEB	1,405,272	1,749,941
Total liabilities and deferred inflows of resources	<u>25,167,441</u>	<u>25,932,297</u>
Net Position		
Net investment in capital and right-to-use assets	24,526,071	22,372,364
Restricted	5,259,625	5,204,660
Unrestricted	2,959,540	4,259,461
Total net position	<u>32,745,236</u>	<u>31,836,485</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 57,912,677</u>	<u>\$ 57,768,782</u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 2

Page 11

			Program Revenues		2024	2023
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	\$ 4,612,939	\$ 260,785	\$ -	\$ -	\$ (4,873,724)	\$ (4,642,926)
Instruction	17,819,013	1,619,969	160,144	3,160,786	(16,118,052)	(15,563,260)
Pupil transportation	1,309,432	356,047	-	-	(1,665,479)	(1,543,595)
Debt service	455,019	-	-	-	(455,019)	(454,873)
Food service program	655,640	-	66,997	655,476	66,833	(12,509)
Depreciation/amortization	2,236,801	(2,236,801)	-	-	-	-
Total functions and programs	\$ 27,088,844	\$ -	\$ 227,141	\$ 3,816,262	(23,045,441)	(22,217,163)
General Revenues						
Real property taxes					6,321,569	6,405,141
Use of money and property					426,072	315,627
Sale of property and compensation for gain (loss)					53,918	518
Miscellaneous					527,778	401,101
State sources					16,471,413	15,893,779
Federal sources					153,442	182,605
Total general revenues					23,954,192	23,198,771
Change in net position					908,751	981,608
Net position - beginning of year					31,836,485	30,854,877
Net position - end of year					\$ 32,745,236	\$ 31,836,485

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024

Schedule 3

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	Governmental Funds						2024	2023
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Assets								
Unrestricted cash	\$ 4,170,557	\$ 51,633	\$ 452,573	\$ -	\$ -	\$ 56,217	\$ 4,730,980	\$ 5,625,942
Restricted cash	4,291,891	-	-	255,948	1,133,435	5,371	5,686,645	7,630,690
Due from other funds	2,782,717	179,515	11,448	215	1,947,862	70	4,921,827	3,598,355
State and federal aid receivable	647,352	2,610,900	34,484	-	-	-	3,292,736	1,261,342
Other receivables	59,144	-	3,216	-	-	-	62,360	42,498
Due from other governments	2,028,040	-	-	-	-	-	2,028,040	2,065,725
Inventories	-	-	18,344	-	-	-	18,344	12,900
Total assets	\$ 13,979,701	\$ 2,842,048	\$ 520,065	\$ 256,163	\$ 3,081,297	\$ 61,658	\$ 20,740,932	\$ 20,237,452
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 141,068	\$ 80,508	\$ 12	\$ -	\$ 371,091	\$ 842	\$ 593,521	\$ 564,004
Accrued liabilities	204,704	1,000	819	-	-	-	206,523	207,053
Due to other funds	1,058,244	2,717,899	179,935	-	965,749	-	4,921,827	3,598,355
Unearned revenue	-	40,488	1,993	-	71,305	-	113,786	24,891
Due to other governments	-	2,153	34	-	-	197	2,384	2,459
Due to Teachers' Retirement System	843,563	-	-	-	-	-	843,563	853,396
Due to Employees' Retirement System	61,784	-	24,881	-	-	-	86,665	72,528
Total liabilities	2,309,363	2,842,048	207,674	-	1,408,145	1,039	6,768,269	5,322,686
Fund Equity								
Nonspendable	-	-	18,344	-	-	-	18,344	12,900
Restricted	4,291,891	-	-	256,163	708,001	3,570	5,259,625	5,204,660
Committed	-	-	-	-	-	57,049	57,049	50,434
Assigned	2,980,059	-	294,047	-	965,151	-	4,239,257	4,639,996
Unassigned	4,398,388	-	-	-	-	-	4,398,388	5,006,776
Total fund equity	11,670,338	-	312,391	256,163	1,673,152	60,619	13,972,663	14,914,766
Total liabilities and fund equity	\$ 13,979,701	\$ 2,842,048	\$ 520,065	\$ 256,163	\$ 3,081,297	\$ 61,658	\$ 20,740,932	\$ 20,237,452

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule 4

Page 13

	Governmental Funds						2024	2023
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue								
Real property taxes	\$ 6,321,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,321,569	\$ 6,405,141
Charges for services	160,144	-	-	-	-	-	160,144	94,554
Use of money and property	414,623	-	9,229	1,250	10,122	77	435,301	315,976
Sale of property compensation for loss	10,427	-	-	-	-	-	10,427	1,627
Miscellaneous	393,603	-	899	-	-	134,175	528,677	1,631,871
State sources	16,332,540	346,426	82,589	-	138,873	-	16,900,428	16,133,266
Federal sources	153,442	2,965,517	529,770	-	-	-	3,648,729	2,444,328
Surplus food	-	-	43,117	-	-	-	43,117	46,759
Sales (school food service)	-	-	56,869	-	-	-	56,869	46,210
Total revenue	23,786,348	3,311,943	722,473	1,250	148,995	134,252	28,105,261	27,119,732
Expenditures								
General support	3,977,363	-	231,885	-	-	-	4,209,248	3,940,693
Instruction	11,618,685	3,160,786	-	-	-	-	14,779,471	13,328,352
Pupil transportation	1,174,627	-	-	-	-	-	1,174,627	1,186,824
Employee benefits	4,456,879	151,157	139,447	-	-	-	4,747,483	4,533,576
Debt service								
Principal	1,042,141	-	-	-	-	-	1,042,141	1,415,347
Interest	678,035	-	-	-	-	-	678,035	436,400
Capital outlay	-	-	-	-	1,976,574	-	1,976,574	744,015
Cost of sales	-	-	243,707	-	-	-	243,707	249,571
Other expenses	-	-	62,766	-	-	133,312	196,078	287,930
Total expenditures	22,947,730	3,311,943	677,805	-	1,976,574	133,312	29,047,364	26,122,708
Excess (deficiency) of revenue over expenditures	838,618	-	44,668	1,250	(1,827,579)	940	(942,103)	997,024
Other sources and uses								
Proceeds from the issuance of bonds	-	-	-	-	-	-	-	8,985,000
BANS redeemed from appropriations	-	-	-	-	-	-	-	984,400
Operating transfers in	-	-	-	-	1,080,985	-	1,080,985	334,976
Operating transfers out	(1,080,985)	-	-	-	-	-	(1,080,985)	(334,976)
Total other sources (uses)	(1,080,985)	-	-	-	1,080,985	-	-	9,969,400
Excess (deficiency) of revenue and other sources over expenditures and other uses	(242,367)	-	44,668	1,250	(746,594)	940	(942,103)	10,966,424
Fund equity, beginning of year	11,912,705	-	267,723	254,913	2,419,746	59,679	14,914,766	3,948,342
Fund equity, end of year	\$ 11,670,338	\$ -	\$ 312,391	\$ 256,163	\$ 1,673,152	\$ 60,619	\$ 13,972,663	\$ 14,914,766

See accompanying independent auditor's report and notes to financial statements.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

Total fund balances - governmental funds **\$ 13,972,663**

Amounts reported for governmental activities in the
statement of net position are different because:

Capital and right-to-use assets used in governmental activities are not financial
resources and therefore are not reported as assets in
governmental funds. Capital and right-to-use assets consist of the
following at year-end:

Cost of the assets	\$ 63,493,973	
Accumulated depreciation/amortization	<u>(27,107,484)</u>	36,386,489

Interest on long-term liabilities is not accrued in governmental
funds, but rather is recognized as an expenditure when due. (21,000)

Deferred inflows/outflows of resources related to actuarial pension differences are reported
on the statement of net position and amortized over the average members' years
of service. In the governmental funds pension expense is based on required
contributions. 3,163,055

Deferred inflows/outflows of resources related to actuarial OPEB differences are reported
on the statement of net position and amortized over the average members' years
of service. In the governmental funds OPEB expense is based on required
contributions. 242,916

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 the following:

Bonds payable	(12,797,178)	
Lease liability	(28,391)	
Net pension liability - ERS	(1,135,594)	
Net pension liability - TRS	(453,912)	
Other post-employment benefits	(6,189,524)	
Compensated absences	<u>(394,288)</u>	<u>(20,998,887)</u>

Total net position - governmental activities **\$ 32,745,236**

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 10,417,625	\$ -	\$ -	\$ (1,133,435)	\$ 9,284,190
Due from other funds	4,921,827	-	-	(4,921,827)	-
State and federal aid receivable	3,292,736	-	-	-	3,292,736
Other receivables	62,360	-	-	-	62,360
Due from other governments	2,028,040	-	-	-	2,028,040
Inventories	18,344	-	-	-	18,344
Cash to be used towards capital projects	-	-	-	1,133,435	1,133,435
Capital and right-to-use assets, net	-	36,386,489	-	-	36,386,489
Total assets	20,740,932	36,386,489	-	(4,921,827)	52,205,594
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	4,058,895	-	-	4,058,895
Deferred outflows related to OPEB	-	1,648,188	-	-	1,648,188
Total assets and deferred outflows of resources	\$ 20,740,932	\$ 42,093,572	\$ -	\$ (4,921,827)	\$ 57,912,677
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 593,521	\$ -	\$ -	\$ -	\$ 593,521
Accrued liabilities	206,523	-	-	-	206,523
Accrued interest	-	-	21,000	-	21,000
Due to other funds	4,921,827	-	-	(4,921,827)	-
Unearned revenue	113,786	-	-	-	113,786
Due to other governments	2,384	-	-	-	2,384
Due to retirement systems	930,228	-	-	-	930,228
Bonds payable	-	-	12,797,178	-	12,797,178
Net pension liabilities	-	-	1,589,506	-	1,589,506
Lease liability	-	-	28,391	-	28,391
Other post-employment benefits	-	-	6,189,524	-	6,189,524
Compensated absences	-	-	394,288	-	394,288
Total liabilities	6,768,269	-	21,019,887	(4,921,827)	22,866,329
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	895,840	-	895,840
Deferred inflows related to OPEB	-	-	1,405,272	-	1,405,272
Total liabilities and deferred inflows of resources	6,768,269	-	23,320,999	(4,921,827)	25,167,441
Fund equity and net position					
Total liabilities, deferred inflows of resources and fund equity/net position	13,972,663	42,093,572	(23,320,999)	-	32,745,236
	\$ 20,740,932	\$ 42,093,572	\$ -	\$ (4,921,827)	\$ 57,912,677

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Total net change in fund balances - governmental funds		\$ (942,103)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. Activity for the current fiscal year ended was as follows:		
Capital outlays	\$ 3,845,190	
Depreciation/amortization expense	<u>(2,236,801)</u>	1,608,389
Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported.		43,491
Repayment of bond principal (including refundings), lease principal and bond anticipation notes principal is an expenditure the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,042,141
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, premiums on bond anticipation notes and on bonds are recognized as revenue in the governmental funds, whereas in the statement of activities, premiums are amortized into interest expense.		223,016
District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on District's required contribution to pension plans.		(786,352)
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds OPEB expense is based on District's required contribution to the OPEB plan.		(277,259)
In the statement of activities, certain operating expenses, compensated absences and special termination benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid). This year, compensated absences changed by this amount.		<u>(2,572)</u>
Change in net position of governmental activities		<u>\$ 908,751</u>

See accompanying independent auditor's report and notes to financial statements.

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Asset and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 6,321,569	\$ -	\$ -	\$ -	\$ 6,321,569
Charges for services	160,144	-	-	(160,144)	-
Use of money and property	435,301	-	-	(9,229)	426,072
Sale of property compensation for loss	10,427	43,491	-	-	53,918
Miscellaneous	528,677	-	-	(899)	527,778
State sources	16,900,428	-	-	(429,015)	16,471,413
Federal sources	3,648,729	-	-	(3,495,287)	153,442
Surplus food	43,117	-	-	(43,117)	-
Sales (school food service)	56,869	-	-	(56,869)	-
Total revenue	28,105,261	43,491	-	(4,194,560)	23,954,192
Expenditures					
General support	4,209,248	190,660	-	473,816	4,873,724
Instruction	14,779,471	23,244	279,831	1,035,506	16,118,052
Pupil transportation	1,174,627	176,446	-	314,406	1,665,479
Employee benefits	4,747,483	-	786,352	(5,533,835)	-
Debt service	1,720,176	-	(1,265,157)	-	455,019
Capital outlay	1,976,574	(1,976,574)	-	-	-
Cost of sales	243,707	-	-	(310,540)	(66,833)
Other expenses	196,078	(22,165)	-	(173,913)	-
Total expenditures	29,047,364	(1,608,389)	(198,974)	(4,194,560)	23,045,441
Excess (deficiency) of revenue over expenditures	(942,103)	1,651,880	198,974	-	908,751
Other sources and uses					
Operating transfers in	1,080,985	-	-	(1,080,985)	-
Operating transfers out	(1,080,985)	-	-	1,080,985	-
Total other sources (uses)	-	-	-	-	-
Net change for year	\$ (942,103)	\$ 1,651,880	\$ 198,974	\$ -	\$ 908,751

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

I. Significant Accounting Policies

The accompanying financial statements of the **Cuba-Rushford Central School District** have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial 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 review of certain entities included in the School District's reporting entity:

1. Extraclassroom Activity Funds

The extraclassroom activity fund of the **Cuba-Rushford Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds and has adopted the guidance prescribed by the New York State Education Department for safeguarding, accounting and auditing of extraclassroom activity funds. As a result, these funds do not meet the criteria required to be reported as fiduciary funds and are reported in a governmental fund. The cash and investment balances as well as revenues and expenditures are reported in a miscellaneous special revenue fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The **Cuba-Rushford Central School District** is one of 22 component school districts in the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. 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 General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed approximately \$5,227,000 for BOCES administration and program costs. The District's share of BOCES aid, refunds and rentals amounted to approximately \$2,730,000 for the year ended June 30, 2024. Financial statements for the Cattaraugus-Allegany BOCES are available at the BOCES administrative offices in Olean, New York.

C. Basis of Presentation

1. District-wide Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

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

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants, which are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

Miscellaneous Special Revenue - is used to account for and report those revenues that are restricted and committed to expenditures for scholarships and student activities.

Fiduciary Fund Types - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are not included in the District-wide financial statements because their resources do not belong to the District, and are not available to be used. The District does not have any activities that qualify for reporting as a fiduciary.

D. 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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Inventory

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

G. Investments

Investments are stated at current market value.

H. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2010. For assets acquired to June 30, 2010, estimated historical costs, based on appraisals conducted by independent third-party professionals was used. Donated assets are reported at estimated fair market value at the time received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 2,500	Straight-line	40 years
Land improvements	2,500	Straight-line	25-30 years
Furniture and equipment	2,500	Straight-line	5-20 years
Transportation vehicles	2,500	Straight-line	8 years

I. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and 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 individual fund balances at year-end is provided subsequently in these notes.

J. Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and other employees expected to become eligible in the future to receive such payments are included. The District has recorded an estimated liability in the District-wide financial statement amounting to \$394,288 to recognize the cost of the incentive benefits for those employees eligible to receive such a benefit. The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the district-wide Statement of Net Position.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first 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 to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statements of Net Position. This represents the actuarial differences that are deferred and amortized and benefits paid subsequent to measurement date.

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 is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS and TRS Systems) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

L. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Unearned Revenue (continued)

Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

M. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VA, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. These benefits are provided in lieu of a lump sum payment of compensated absences. The contracts provide the option of converting accumulated sick pay to purchase health care and require various years of service and age limits. The District accrues for future compensated absences in the government-wide financial statements.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the Food Service Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Unemployment Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. 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 be either transferred to another reserve or the excess applied to the appropriations of the next fiscal year's budget. If the District elects to convert to tax 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 recorded in the General Fund.

2. Reserve for Retirement

The purpose of this reserve is to reserve funds to finance the cost of future retirement contributions. This reserve fund may be established by a majority vote of the board of education. This reserve is recorded in the General Fund.

3. Teachers' Retirement System Reserve

This reserve is used to accumulate funds for TRS contributions and has limits of 2% annually and 10% in total of teacher retirement salaries. This reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

4. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education 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.

5. Insurance Reserve

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law. The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

6. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. This reserve is accounted for in the Debt Service Fund.

7. Capital and Transportation Reserve

These reserves are used to accumulate funds to finance all or a portion of future capital projects and bus purchases for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. These reserves are accounted for in the Capital Projects Fund.

8. Liability and Property Loss Reserve

This reserve is used to accumulate funds to pay liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. This reserve is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

9. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

10. Worker's Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next fiscal year's budget. This reserve is accounted for in the General Fund

11. Repair Reserve

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. 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 heard with approval of two-thirds of the Board of Education. The emergency expenditures must be repaid within the next two succeeding years. This reserve is accounted for in the General Fund.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the fund balance of the extraclassroom activities as committed fund balance as of June 30, 2024.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer have been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned (continued)

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances totaled \$100,412 as of June 30, 2024.

2. General Fund

The amount of \$2,879,647 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2025 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide Financial Statements

A. Net Investment in Capital and Right-to-Use Assets

This designation of net position is used to accumulate the capital and right-to-use asset balance in the statement of net position less accumulated depreciation, amortization and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (continued)

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had supplemental appropriations during the year ended June 30, 2024 in the amount of \$1,000,000 related to a transfer to the capital project related to the 2023 capital improvement project.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Budgetary Procedures and Budgetary Accounting (continued)

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

P. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

Q. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Compensation Plan

Cuba-Rushford Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

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

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

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

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

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. 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 five broad categories. The amounts shown below represent:

1. 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.

2. Capital Related Differences

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

3. 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.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN GOVERNMENTAL FUND STATEMENTS
AND DISTRICT-WIDE STATEMENTS (CONTINUED)**

**B. Statement of Revenues, Expenditures and
Changes in Fund Balance vs. Statement of
Activities (Continued)**

4. Pension Differences

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

5. OPEB Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The *Cuba-Rushford Central School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits.

The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2024, the District's bank deposits were fully collateralized.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit 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 School Districts.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

I. Cash (Continued)

- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or

- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2024 per the bank were approximately \$10,558,000. Included in cash is a six month certificate deposit of \$1,022,225 dated June 6, 2024. Deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 750,000	\$ 9,808,000	\$ -	\$10,558,000

II. Interfund Transactions

Interfund balances as of June 30, 2024 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 2,782,717	\$ 1,058,244
School Lunch Fund	11,448	179,935
Special Aid Fund	179,515	2,717,899
Misc. Special Revenue Fund	70	-
Debt Service Fund	215	-
Capital Projects Fund	1,947,862	965,749
Total	<u>\$ 4,921,827</u>	<u>\$ 4,921,827</u>

Interfund transactions for the year ended June 30, 2024 are as follows:

	Interfund Revenue	Interfund Expenditures
General Fund	\$ -	\$ 1,080,985
Capital Projects Fund	1,080,985	-
School Lunch Fund	-	-
Debt Service Fund	-	-
Special Aid Fund	-	-
Total	<u>\$ 1,080,985</u>	<u>\$ 1,080,985</u>

During the year ended June 30, 2024, the District transferred \$1,080,985 from the General Fund to the Capital Projects Fund towards the 2023 capital improvement project (\$1,000,000) and capital outlay project (\$80,985).

III. Receivables

Receivables at June 30, 2024 are as follows, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Special Aid	State and Federal Aid	\$ 2,610,900
General	State and Federal Aid	647,352
Food Service	State and Federal Aid	34,484
Capital Projects	State and Federal Aid	-
General	Due from Other Governments	2,028,040
Food Service	Other Receivables	3,216
General	Other Receivables	59,144
		<u>\$ 5,383,136</u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

IV. Capital and Right-to-use Assets

A. Capital Assets

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance 06/30/23	Net Additions (Disposals)	Ending Balance 06/30/24
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 132,268	\$ -	\$ 132,268
Construction-in-progress	1,920,681	1,976,574	3,897,255
Capital assets that are depreciated:			
Buildings and improvements	47,482,128	958,393	48,440,521
Furniture and equipment	7,529,151	545,716	8,074,867
Total historical cost	57,064,228	3,480,683	60,544,911
Less accumulated depreciation:			
Buildings and improvements	19,308,639	1,143,402	20,452,041
Furniture and equipment	5,202,120	463,840	5,665,960
Total accumulated depreciation	24,510,759	\$ 1,607,242	26,118,001
Total net book value	\$ 32,553,469		\$ 34,401,623

B. Depreciation and Amortization

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

General support	\$ 260,785
Instruction	1,619,969
Pupil transportation	356,047
	<u>\$ 2,236,801</u>

C. Right-to-Use Assets

The District reported right-to-use assets net of amortization as of June 30, 2024 and 2023 in the amount of \$1,984,866 and \$2,181,140, respectively. More information related to the right-to-use assets is disclosed in Note 5.

D. Capital Additions

During the fiscal year ended June 30, 2024 the District had capital additions, including right-to-use assets, in the amount of \$3,845,190.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

b. Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL).

Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided
(continued)

b. Employees' Retirement System (ERS)
(continued)

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.

2. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year		TRS		ERS
2024	\$	734,000	\$	290,000
2023		754,000		243,000
2022		669,000		305,000

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 365,774	\$ 1,100,616	\$ 30,965	\$ 2,720
Changes of assumptions	429,342	977,259	-	212,988
Net difference between projected and actual earnings on pension plan investments	-	232,031	554,732	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	127,658	5,997	10,093	84,342
District's contributions subsequent to the measurement date	86,665	733,553	-	-
Total	\$ 1,009,439	\$ 3,049,456	\$ 595,790	\$ 300,050

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	ERS 3/31/2024	TRS 6/30/2023
Measurement date		
Net pension asset (liability)	\$ (1,135,594)	\$ (453,912)
District's portion of the Plan's total net Pension asset (liability)	.0077125%	.039692%

For the year ended June 30, 2024, the District's recognized pension expense of \$540,717 for ERS and \$1,284,601 for TRS. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

	ERS	TRS
Year ending:		
2025	\$ (166,523)	\$ 171,713
2026	244,919	(247,230)
2027	352,156	1,811,821
2028	(103,568)	122,982
2029	-	95,375
Thereafter	-	61,192

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/24	6/30/23
Actuarial valuation date	4/1/23	6/30/22
Interest rate	5.9%	6.95%
Salary scale	4.4% average 4/1/15 – 3/31/20	1.95% - 5.18% 7/1/15 – 6/30/20
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.9%	2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2021. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

	ERS 3/31/24	Expected Rate of Return	TRS 6/30/22	Expected Rate of Return
Measurement date				
Asset Type:				
Domestic equity	32%	4.00%	33%	6.80%
International equity	15%	6.65%	15%	7.70%
Global equity	-%	-%	4%	7.20%
Private equity	10%	7.25%	9%	10.10%
Real Estate	9%	4.60%	11%	6.30%
Opportunistic/ARS				
portfolio	3%	5.25%	-%	-%
Credit	4%	5.40%	-%	-%
Real assets	3%	5.79%	-%	-%
Domestic fixed income	-%	-%	16%	2.20%
Global Bonds	-%	-%	2%	1.60%
Real estate debt	-%	-%	6%	3.20%
Private debt	-%	-%	2%	6.00%
High-yield fixed income	-%	-%	1%	4.40%
Fixed Income	23%	1.50%	-%	-%
Cash	1%	.25%	1%	.30%
Total:	100%		100%	

5. Discount Rate

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

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (3,570,423)	\$ (1,135,594)	\$ 897,994
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (6,913,310)	\$ (453,912)	\$ 4,978,721

7. Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	3/31/24	6/30/23
Employers' total pension liability	\$ 240,696,851	\$ 138,365,122
Plan net position	\$ 225,972,801	\$ 137,221,537
Employers' net pension asset (liability)	\$ (14,724,050)	\$ (1,143,585)
Ratio of plan net position to be Employers' total pension asset (liability)	93.88%	99.20%

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$86,665.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$843,563 (employer contribution \$733,553 and employee contributions of \$110,010).

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2024 the plan had total active employees of 160 and retirees of 32.

Total OPEB Liability

The District's total OPEB liability of \$6,189,524 was measured as of July 1, 2023 and was determined by an actuarial valuation as of July 1, 2022.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year Based on NYSERS and NYSTRS valuation as of March 31, 2020 and June 30, 2021, respectively
Salary increases	
Discount rate	4.13%
Healthcare cost trend rates	2024 – 8.0% reduced to an ultimate rate of 4.5% after 2029.
Retirees' share of benefit-related costs	Varies based on employment contract

The discount rate was based on a yield for 20 year tax-exempt general obligation municipal bonds.

Mortality rates were based on the Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021.

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

Changes in the Total OPEB Liability

Service cost	\$ 338,620
Interest	230,175
Change in Benefit Terms	-
Differences between expected and actual experience	135,045
Changes in assumptions	301,040
Benefit payments	(206,883)
Net changes	797,997
Net OPEB liability – beginning of year	5,391,527
Net OPEB liability – end of year	<u>\$ 6,189,524</u>

Changes in assumptions reflect a change in the discount rate from 4.09% in 2023 to 4.13% in 2024; health insurance trend rate from 7.5% through 4.50% in 2023 to 8.0% through 4.5% in 2024. Mortality rates unchanged based on Scale MP-2021 as of 2024.

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 (3.13%) or 1 percentage point higher (5.13%) that the current discount rate:

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

	1% Decrease (3.13%)	Current Assumption (4.13%)	1% Increase (5.13%)
Total OPEB liability	<u>\$ 6,840,560</u>	<u>\$ 6,189,524</u>	<u>\$ 5,605,230</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (initial rate of 7.0% decreasing by .5% annually until reaching 3.5%)	Current Assumption (initial rate of 8.0% decreasing by .5% annually until reaching 4.5%)	1% Increase (initial rate of 9.0% decreasing by .5% annually until reaching 5.5%)
Total OPEB liability	<u>\$ 5,376,464</u>	<u>\$ 6,189,524</u>	<u>\$ 7,165,823</u>

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 in the amount of \$526,472. 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
Differences between expected and actual experience	\$ 590,534	\$ 496,710
Benefit payments subsequent to measurement date	249,213	-
Changes in assumptions	808,441	908,562
	<u>\$ 1,648,188</u>	<u>\$ 1,405,272</u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

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

Year ending:	
2025	\$ (102,958)
2026	(29,084)
2027	26,595
2028	43,917
2029	3,555
Thereafter	51,678

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

On June 23, 2022, bond anticipation notes in the amount of \$11,020,000 were issued with an interest rate of 3.0% and matured on June 23, 2023. The notes carried a premium in the amount of \$105,600 which was recognized in the debt service fund during the year ended June 30, 2022. Proceeds from bonds (including premiums) issued on June 15, 2023, along with amounts redeemed from appropriations in the amount of \$984,400 were utilized to pay off the notes that matured on June 23, 2023. There were no BANS outstanding as of June 30, 2024 or 2023.

b. Short-Term Debt Interest

The District had interest on short-term debt in the amount of \$- the year ended June 30, 2024.

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt

a. Debt Limit

At June 30, 2024, the total indebtedness represents 22% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets.

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2024 are summarized as follows:

	Balance June 30, 2024	Balance June 30, 2023	Amounts Due Within One Year
Serial Bonds	\$ 12,797,178	\$ 14,023,194	\$ 975,000
Compensated Absences	394,288	391,716	-
Net Pension Liabilities	1,589,506	2,156,334	-
Lease Liability	28,391	55,532	28,391
Other post-Employment Benefits	6,189,524	5,391,527	-
	\$ 20,998,887	\$ 22,018,303	\$ 1,003,391

During the year, the District made principal payments of \$1,015,000 on its existing serial bonds. Net premium from existing bonds were amortized in the amount of \$211,016. The net pension liability to the NYS Employees' Retirement System and Teacher's Retirement System decreased \$566,828 in the current year related to actuarial updates. The net change in compensated absences was an increase of \$2,572. Other post-employment benefits had an increase of \$797,997 related to an actuarial update. For lease liability, the District made principal payments of \$27,141.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity

1. The following is a summary of maturity of serial bonds indebtedness on June 30, 2024.

<u>Description of Issue</u>	<u>Outstanding June 30, 2024</u>
Serial Bonds:	
Building Construction and Reconstruction Bonds, issued June 2017 with maturity date of June 2032; bonds carry interest at 2.00% - 3.00%.	\$ 3,380,000
Plus: unamortized bond premiums	13,844
	<u>\$ 3,393,844</u>

Serial Bonds:

Building Construction and Reconstruction Bonds, issued June 2023 with maturity date of June 2036; bonds carry interest at 5.0%.	\$ 8,385,000
Plus: unamortized bond premiums	1,018,334
	<u>\$ 9,403,334</u>

Lease:

Lease entered into on May 18, 2020, related to energy controls equipment. Quarterly payments of \$7,299, including interest at a rate of 4.4%.	\$ 28,391
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2. The following is a summary of maturing debt service requirements:

<u>Year</u>	<u>Serial Bonds – 2017</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 420,000	\$ 86,150
2026	435,000	77,750
2027	440,000	69,050
2028	450,000	59,150
2029	460,000	46,900
2030-2032	1,175,000	63,550
Total	<u>\$ 3,380,000</u>	<u>\$ 402,550</u>

<u>Year</u>	<u>Serial Bonds – 2023</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 555,000	\$ 419,250
2026	585,000	391,500
2027	615,000	362,250
2028	645,000	331,500
2029	675,000	299,250
2030-2034	3,930,000	954,000
2035-2036	1,380,000	92,500
Total	<u>\$ 8,385,000</u>	<u>\$ 2,850,250</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

<u>Year</u>	<u>Lease - 2020</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 28,391	\$ 806
Total	<u>\$ 28,391</u>	<u>\$ 806</u>

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$678,035 for the year ended June 30, 2024 related to serial bonds (\$675,979) and lease (\$2,056).

3. Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

4. Refunding of long-term debt

In prior years, the District defeased other general obligations and other bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements.

VI. Fund Equity

A. District-wide Net Position

Net position of the District include restricted net position of \$5,259,625 which represent restricted amounts in the general, capital projects, miscellaneous special revenue and debt service funds.

B. Unassigned Fund Balance

Included in unassigned fund balance in the general fund as of June 30, 2024, is a reserve for tax reduction in the amount of \$12,106.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Fund Equity (continued)

C. Classification

The District's fund equity is comprised of various components as presented below:

Category/Fund	Description	Balance June 30, 2024
Nonspendable:		
Food Service	Inventory	\$ 18,344
Restricted:		
General	Reserve for employee benefits	\$ 1,609,856
	Reserve for property loss	15,231
	Insurance reserve	25,386
	Reserve for retirement system credits	1,406,753
	Repair reserve	203,085
	Unemployment reserve	465,423
	Reserve for workers' Compensation	440,834
	Teachers' Retirement System Reserve	125,323
		<u>\$ 4,291,891</u>
Debt Service	Reserve for debt service	\$ 256,163
Miscellaneous Special Revenue	Reserve for endowment scholarships	\$ 3,570
Capital Projects	Transportation reserve	<u>\$ 708,001</u>
Committed:		
Miscellaneous Special Revenue	Extracurricular fund balance	<u>\$ 57,049</u>
Assigned:		
General	Reserve for encumbrances	\$ 100,412
	Appropriated fund equity	2,879,647
		<u>\$ 2,980,059</u>
Capital	Appropriated fund equity	<u>\$ 965,151</u>
Food Service	Appropriated fund equity	<u>\$ 294,047</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

Cuba-Rushford Central School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. 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.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VII. Commitments and Contingencies (continued)

A. Risk Financing and Related Insurance (continued)

2. Risk Sharing Pools

For its employee health and accident coverage, **Cuba-Rushford Central School District** is a participant in the Cattaraugus-Allegany Regional Medical Plan, a public entity risk pool operated for the benefit of 23 individual governmental units located within Allegany and Cattaraugus Counties. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Plan provides coverage for its members up to \$100,000 per insured event. The Cattaraugus-Allegany Regional Medical Plan obtains independent coverage for insured events in excess of this amount.

The **Cuba-Rushford Central School District** also participates in a risk sharing pool, Cattaraugus-Allegany BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

C. Contingencies

The District, in the normal course of its operations, is involved in various other litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

D. Litigation

The District was named in an Article 78 lawsuit that challenged the Town of Cuba's 2023 Assessment. In July 2024, the State of New York Supreme Court declared the 2023 Assessment null and void and that the 2022 Assessment Roll be reinstated, until the Town performs a new reassessment. It is the District's understanding that the Town is in the process of filing an appeal and has reserved its right to do so.

**CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VIII. Tax Abatements

The Allegany County Industrial Development Agency entered into a property tax abatement program (Payment in Lieu of Taxes – PILOT) with a Corporation in the **Cuba-Rushford Central School District's** tax jurisdiction for the purpose of economic development. The term of the PILOT is 20 years with the agreement expiring on January 1, 2026. Payments under the agreement will amount to 100% of the assessed land value and 35% of all improvements, gradually increasing to 100% after ten years. At this time, the District is unable to quantify the amount of taxes that have been abated under this program.

NOTE 4 – CAPITAL PROJECTS

On December 15, 2016, the voters of **Cuba-Rushford Central School District** approved a \$14,000,000 renovation project. The proposed budget of this capital project included expenditures for architectural and improvement costs. The District had expenditures related to the capital project in the amounts of \$0 during the year ended June 30, 2024.

In April 2023, the District was awarded a grant from the New York State Energy Research and Development Authority in the amount of \$6.1 million to improve the environmental sustainability of those schools by reducing school energy loads, decarbonizing their building portfolio, improving indoor air quality (IAQ), and providing clean energy educational opportunities. Expenditures incurred during the year ended June 30, 2024, totaled \$138,873.

On May 16, 2023, the voters of the **Cuba-Rushford Central School District** approved a capital improvement project at an amount not to exceed \$29 million to address District needs in the areas of building renovations, instruction, athletic and safety. The proposition calls for the financing of the project to include the use of capital reserve funds not to exceed \$3 million and serial bonds not to exceed \$26 million. Subsequent to the vote, it came to the District's attention that certain required language giving authority to levy taxes towards the Project's future debt service requirements was lacking. As a result, the District placed a new proposition on the ballot, which was approved in May 2024. Through June 30, 2023, \$2 million of the capital reserve was previously funded by the Board of Education. The District transferred the remaining \$1 million during the current year. The District had expenditures related to the capital project in the amount of \$1,756,716 during the year ended June 30, 2024.

The District had expenditures of \$0 related to a Smart Schools Bond Act project during the current year.

Lastly, the District had a capital outlay with expenditures of \$80,985 during the current year.

NOTE 5 – RIGHT-TO-USE ASSETS/LEASES

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2024:

	Balance 7/1/2023	Additions
Right-to-use asset	\$ 3,013,455	\$ 407,998
Accumulated		
amortization	(832,315)	(604,272)
	<u>\$ 2,181,140</u>	<u>\$ (196,274)</u>
		Balance 6/30/2024
Right-to-use asset	\$ (472,391)	\$ 2,949,062
Accumulated		
amortization	472,391	(964,196)
	<u>\$ -</u>	<u>\$ 1,984,866</u>

NOTE 6 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$1,069,000 of CRRSA assistance to the District. The District had expenditures of \$325,518, \$501,050, \$242,366 and \$0 during the years ended June 30, 2024, 2023, 2022 and 2021, respectively, related to CRRSA funds.

In March 2021, the American Rescue Plan (ARP) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$3,161,000 of ARP assistance to the District. The District had expenditures of \$1,947,867, \$553,953, \$415,451 and \$0 during the years ended June 30, 2024, 2023, 2022 and 2021, respectively, related to ARP funds.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 10, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 6,304,698	\$ 6,304,698	\$ 6,304,366	\$ (332)
Real property tax items	27,155	27,155	17,203	(9,952)
Charges for services	133,800	133,800	160,144	26,344
Use of money and property	319,000	319,000	414,623	95,623
Sale of property and compensation for loss	2,000	2,000	10,427	8,427
Miscellaneous	250,000	250,000	393,603	143,603
State Sources:				
Basic formula	14,166,534	14,166,534	14,104,729	(61,805)
BOCES	1,982,164	1,982,164	2,075,228	93,064
Textbooks	43,979	43,979	38,286	(5,693)
All other aid	28,646	28,646	114,297	85,651
Federal Sources:				
Medicaid reimbursement	160,000	160,000	147,576	(12,424)
E-rate	40,000	40,000	5,866	(34,134)
Total revenue	23,457,976	23,457,976	23,786,348	328,372
Other Sources				
Operating transfer in	-	-	-	-
Total revenue and other sources	23,457,976	23,457,976	<u>\$ 23,786,348</u>	<u>\$ 328,372</u>
Supplemental appropriation - transfer to the capital projects fund	-	1,000,000		
Use of reserve funds	199,519	199,519		
Appropriated fund equity and prior year encumbrances	2,311,700	2,668,692		
Total revenue, other sources and appropriated fund equity	<u>\$ 25,969,195</u>	<u>\$ 27,326,187</u>		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 13,032	\$ 11,015	\$ 7,003	\$ -	\$ 4,012
Central administration	240,847	246,552	244,990	600	962
Finance	341,014	376,782	371,534	-	5,248
Staff	546,455	546,535	562,306	-	(15,771)
Central services	2,316,200	2,517,023	2,426,324	4,475	86,224
Special items	360,799	370,883	365,206	-	5,677
Instructional:					
Instruction, administration and improvement	658,790	766,509	795,714	4,728	(33,933)
Teaching - regular school	4,820,216	4,792,197	4,545,167	67,118	179,912
Programs for children with handicapping conditions	3,747,136	3,815,159	2,787,844	9,106	1,018,209
Teaching - special schools	20,480	21,710	15,510	-	6,200
Occupational education	693,172	685,832	681,503	-	4,329
Instructional media	1,428,856	1,486,503	1,554,475	1,321	(69,293)
Pupil services	1,389,503	1,447,212	1,238,472	574	208,166
Pupil Transportation	1,394,252	1,417,879	1,174,627	12,490	230,762
Employee Benefits	5,931,770	5,757,723	4,456,879	-	1,300,844
Debt Service:					
Debt service principal	1,405,742	1,042,142	1,042,141	-	1
Debt service interest	497,931	861,531	678,035	-	183,496
Total expenditures	25,806,195	26,163,187	22,947,730	100,412	3,115,045
Other Uses:					
Transfer to other funds	163,000	1,163,000	1,080,985	-	82,015
Total other uses	163,000	1,163,000	1,080,985	-	82,015
Total expenditures and other uses	\$ 25,969,195	\$ 27,326,187	24,028,715	\$ 100,412	\$ 3,197,060
Excess (deficiency) of revenue and other sources over expenditures and other uses			\$ (242,367)		

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL – FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS1A

Page 36

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 12,000	\$ 82,589	\$ 70,589
Federal sources	526,000	529,770	3,770
Sales	52,000	56,869	4,869
Miscellaneous	7,000	899	(6,101)
Surplus food	34,000	43,117	9,117
Use of money and property	4,029	9,229	5,200
Total revenue	<u>635,029</u>	<u>722,473</u>	<u>87,444</u>
Expenditures			
General support	238,406	231,885	6,521
Employee benefits	137,623	139,447	(1,824)
Cost of sales	209,956	243,707	(33,751)
Other expenses	56,795	62,766	(5,971)
Total expenditures	<u>642,780</u>	<u>677,805</u>	<u>(35,025)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ (7,751)</u>	44,668	<u>\$ 52,419</u>
Fund equity, beginning of year		<u>267,723</u>	
Fund equity, end of year		<u>\$ 312,391</u>	

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS2

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 25,969,195
Additions:	
Prior year encumbrances	356,992
Original Budget	26,326,187
Budget Revisions: Supplemental appropriation - transfer to capital project fund	1,000,000
Final budget	<u>\$ 27,326,187</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-25 voter-approved expenditure budget	\$ 26,446,770
Maximum allowed (4% of 2024-25 budget)	\$ 1,057,871

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

Unrestricted fund balance:	
Assigned fund balance	\$ 2,980,059
Unassigned fund balance	4,398,388
Total unrestricted fund balance	<u>7,378,447</u>
Less:	
Appropriated fund balance	2,879,647
Insurance recovery reserve	-
Tax reduction reserve	12,106
Encumbrances included in committed and assigned fund balance	100,412
Total adjustments	<u>2,992,165</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 4,386,282</u>
Actual percentage	<u>16.6%</u>

* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures		Unexpended (Over expended) Balance	Methods of financing				Fund Equity June 30, 2024	
			Prior Years	Current Year		Total	Proceeds of Obligations	State Sources	Local Sources		Total
2011 Improvement project	\$ 10,900,000	\$ 10,900,000	\$ 9,293,839	\$ -	\$ 9,293,839	\$ 1,606,161	\$ 8,256,800	\$ 743,200	\$ 342,952	\$ 9,342,952	\$ 49,113
2018 Improvement project	14,000,000	14,000,000	13,855,525	-	13,855,525	144,475	13,349,966	-	652,817	14,002,783	147,258
2023 Improvement project	29,000,000	29,000,000	12,546	1,756,716	1,769,262	27,230,738	-	-	3,005,386	3,005,386	1,236,124
Capital Outlay Project	100,000	100,000	-	80,985	80,985	19,015	-	-	80,985	80,985	-
Smart Schools Bonds Act project	1,249,193	1,249,193	1,249,193	-	1,249,193	-	-	781,849	-	781,849	(467,344)
2023 Energy Project	6,100,000	6,100,000	155,231	138,873	294,104	5,805,896	-	275,030	19,074	294,104	-
	<u>\$ 61,349,193</u>	<u>\$ 61,349,193</u>	<u>\$ 24,566,334</u>	<u>\$ 1,976,574</u>	<u>\$ 26,542,908</u>	<u>\$ 34,806,285</u>	<u>\$ 21,606,766</u>	<u>\$ 1,800,079</u>	<u>\$ 4,101,214</u>	<u>\$27,508,059</u>	965,151
							Transportation reserve				<u>708,001</u>
							Total fund equity as of June 30, 2024				<u>\$ 1,673,152</u>

See accompanying independent auditor's report.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS4A

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Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Health Care Worker Bonus Program	N/A	2024	N/A	\$ 538	\$ 538
NYS RECOVS for Learning Loss	N/A	2024	N/A	2,348	2,348
Summer School	N/A	2024	N/A	204,869	204,869
Universal Pre-kindergarten	0409-24-7136	2024	\$ 138,671	138,671	138,671
School Breakfast and Lunch Program	N/A	2024	N/A	82,589	82,589
				<u>\$ 429,015</u>	<u>\$ 429,015</u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **Cuba-Rushford Central School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable program and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Note 2 - Non-monetary Federal Program

The accompanying **Cuba-Rushford Central School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2024, the District reported in the Schedule of Federal Awards \$43,117 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

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

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
<i>Passed through NYS Department of Education:</i>					
Title I	84.010A	0021-24-0125	\$ 370,644	\$ 368,644	\$ 368,644
Title II, Part A	84.367A	0147-24-0125	38,123	38,143	38,143
Title IV - DFSCA	84.186A	0180-24-0255	30,447	30,447	30,447
Title V - Part B - Rural and Low Income Schools	84.358B	0006-24-0125	24,891	24,891	24,891
IDEA Part B, Section 611 *	84.027A	0032-24-0044	249,634	217,850	217,850
IDEA Part B, Section 619 *	84.173A	0033-24-0044	12,312	12,157	12,157
COVID-19 - CRRSA ESSER 2	84.425D	5891-21-0125	1,068,934	325,518	325,518
COVID-19 - ARP IDEA Part B, Section 611 *	84.027X	5532-22-0044	42,827	27,948	27,948
COVID-19 - ARP IDEA Part B, Section 619 *	84.173X	5533-22-0044	4,769	3,991	3,991
COVID-19 - ARP ESSER 3	84.425U	5880-21-0125	2,402,411	1,788,337	1,788,337
COVID-19 - ARP SLR Comprehensive After School	84.425U	5883-21-0125	100,372	13,602	13,602
COVID-19 - ARP Homeless	84.425W	5218-21-0125	8,548	200	200
COVID-19 - ARP SLR Learning Loss	84.425U	5884-21-0125	501,844	80,000	80,000
COVID-19 - ARP SLR Summer Enrichment	84.425U	5882-21-0125	100,372	33,789	33,789
Total U.S. Department of Education				2,965,517	2,965,517
US Department of Agriculture:					
<i>Passed through NYS Department of Education:</i>					
National School Breakfast Program **	10.553	N/A	N/A	135,854	135,854
National School Lunch Program **	10.555	N/A	N/A	347,427	347,427
COVID-19 Summer Food Service Program **	10.559	N/A	N/A	19,747	19,747
COVID-19 Supply Chain Assistance **	10.555	N/A	N/A	26,742	26,742
<i>Passed through NYS Office of General Services</i>					
National School Lunch Program **					
Non-Cash Assistance (commodities)	10.555	N/A	N/A	43,117	43,117
Total U.S. Department of Agriculture				572,887	572,887
Total expenditures and revenue				\$ 3,538,404	\$ 3,538,404

* Constitutes a cluster of Federal programs named Special Education Cluster with revenue and expenditures of \$ 261,946

** Constitutes a cluster of Federal programs named Child Nutrition Cluster with revenue and expenditures of \$ 572,887

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL AND RIGHT-TO-USE ASSETS
AS OF JUNE 30, 2024

Schedule SS5

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Capital and right-to-use assets	\$ 36,386,489
Less:	
Serial bonds	(12,797,178)
Lease liability	(28,391)
Plus:	
Assets net of related payables in capital projects fund (not including transportation reserve)	<u>965,151</u>
Net investment in capital and right-to-use assets	<u><u>\$ 24,526,071</u></u>

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2024

Schedule SS6

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As of the measurement date of 7/1	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability								
Service cost	\$ 338,620	\$ 388,486	\$ 358,546	\$ 257,920	\$ 247,906	\$ 243,783	\$ 280,383	\$ 227,664
Interest	230,175	126,988	143,819	168,643	187,456	183,769	165,952	192,093
Differences between expected and actual experience	135,045	604,922	(205,259)	(338,180)	(272,292)	(197,023)	(315,383)	-
Change in benefit terms	-	-	-	-	-	39,567	-	-
Changes in assumptions	301,040	(1,044,015)	240,265	661,034	133,750	(248,400)	(275,594)	444,636
Benefit payments	(206,883)	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Net change in total OPEB liability	797,997	(112,448)	375,252	417,418	(62,638)	(307,491)	(495,790)	542,239
Total OPEB liability - beginning	5,391,527	5,503,975	5,128,723	4,711,305	4,773,943	5,081,434	5,577,224	648,089
Prior period adjustment (see notes)	-	-	-	-	-	-	-	4,386,896
Total OPEB liability - ending	<u>\$ 6,189,524</u>	<u>\$ 5,391,527</u>	<u>\$ 5,503,975</u>	<u>\$ 5,128,723</u>	<u>\$ 4,711,305</u>	<u>\$ 4,773,943</u>	<u>\$ 5,081,434</u>	<u>\$ 5,577,224</u>
Plan fiduciary net position								
Contributions - employer	\$ 206,883	\$ 188,829	\$ 162,119	\$ 331,999	\$ 359,458	\$ 329,187	\$ 351,148	\$ 322,154
Benefit payments	(206,883)	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 6,189,524</u>	<u>\$ 5,391,527</u>	<u>\$ 5,503,975</u>	<u>\$ 5,128,723</u>	<u>\$ 4,711,305</u>	<u>\$ 4,773,943</u>	<u>\$ 5,081,434</u>	<u>\$ 5,577,224</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered-employee payroll	<u>\$ 7,590,419</u>	<u>\$ 7,405,287</u>	<u>\$ 7,004,135</u>	<u>\$ 6,833,302</u>	<u>\$ 6,781,849</u>	<u>\$ 6,616,438</u>	<u>\$ 7,263,896</u>	<u>\$ 7,170,677</u>
District's net OPEB liability as a percentage of covered-employee payroll	<u>81.54%</u>	<u>72.81%</u>	<u>78.58%</u>	<u>75.05%</u>	<u>69.47%</u>	<u>72.15%</u>	<u>69.95%</u>	<u>77.78%</u>
Notes to Schedule:								
Benefit Changes:	None							
Changes in assumptions:	Discount rate from 4.09% as of 7/1/22 to 4.13% as of 7/1/23 Health care trend remained unchanged from 7.5% through 4.5% as of 7/1/22 to 8.0% through 4.5% as of 7/1/23							

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH 2024

Schedule SS7

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For the year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contributions	\$ 206,883	\$ 188,829	\$ 162,119	\$ 331,999	\$ 359,458	\$ 329,187	\$ 351,148	\$ 322,154
Contributions in relation to the actuarially determined contribution	(206,883)	(188,829)	(162,119)	(331,999)	(359,458)	(329,187)	(351,148)	(322,154)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,590,419	\$ 7,405,287	\$ 7,004,135	\$ 6,833,302	\$ 6,781,849	\$ 6,616,438	\$ 7,263,896	\$ 7,170,677
Contributions as a percentage of District's covered-employee payroll	2.73%	2.55%	2.31%	4.86%	5.30%	4.98%	4.83%	4.49%

Notes to Schedule

Valuation date: 7/1/2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	4.13% as of July 1, 2023
Inflation	2.5% per year
Healthcare cost trend rates	An initial rate of 8.0% in 2024 and decreasing each year to an ultimate rate of 4.5% after 2029
Salary increases	Based on NYSERS and NYSTRS valuation as of March 31, 2020 and June 30, 2021, respectively
Mortality	Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021
Retiree Cost Sharing	Varies based on employment contract
Participants	160 Active and 32 Retirees

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 733,554	\$ 754,129	\$ 668,947	\$ 612,758	\$ 570,358	\$ 672,773	\$ 608,062	\$ 703,647	\$ 789,447	\$ 1,030,148
Contributions in relation to the contractually required contribution	(733,554)	(754,129)	(668,947)	(612,758)	(570,358)	(672,773)	(608,062)	(703,647)	(789,447)	(1,030,148)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,515,922	\$ 7,328,756	\$ 6,825,990	\$ 6,429,780	\$ 6,437,449	\$ 6,334,962	\$ 6,204,714	\$ 6,003,814	\$ 5,953,597	\$ 5,876,486
Contributions as a percentage of District's covered-employee payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

New York State Local Employees' Retirement System

For the year ended March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 290,110	\$ 243,252	\$ 305,394	\$ 277,742	\$ 265,066	\$ 252,279	\$ 261,491	\$ 245,876	\$ 282,297	\$ 283,169
Contributions in relation to the contractually required contribution	(290,110)	(243,252)	(305,394)	(277,742)	(265,066)	(252,279)	(261,491)	(245,876)	(282,297)	(283,169)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,375,666	\$ 2,238,741	\$ 2,027,216	\$ 2,082,298	\$ 2,015,102	\$ 1,866,292	\$ 1,750,241	\$ 1,632,563	\$ 1,570,155	\$ 1,559,237
Contributions as a percentage of District's covered-employee payroll	12.21%	10.87%	15.06%	13.34%	13.15%	13.52%	14.94%	15.06%	17.98%	18.16%

See accompanying independent auditor's report.

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT**Schedule SS9**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY) – NYSTRS AND DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024**

Page 45***New York State Teachers' Retirement System - Net Pension Asset (Liability)***

As of the measurement date of June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	n/a	0.039692%	0.038532%	0.037882%	0.037935%	0.037948%	0.038092%	0.037887%	0.038582%	0.039121%
District's proportionate share of the net pension asset (liability)	n/a	\$ (453,912)	\$ (739,381)	\$ 6,564,582	\$ (1,048,232)	\$ 985,896	\$ 688,799	\$ 287,978	\$ (413,230)	\$ 3,083,971
District's covered-employee payroll	n/a	\$ 7,328,756	\$ 6,825,990	\$ 6,429,780	\$ 6,437,449	\$ 6,334,962	\$ 6,204,714	\$ 6,003,814	\$ 5,953,597	\$ 5,876,486
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	-6.19%	-10.83%	102.10%	-16.28%	15.56%	11.10%	4.80%	6.94%	52.48%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

New York State Local Employees' Retirement System - Net Pension Asset (Liability)

As of the measurement date of March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0077125%	0.0066077%	0.0065672%	0.0063841%	0.0059127%	0.0058735%	0.0061909%	0.0060622%	0.0061023%	0.0059209%
District's proportionate share of the net pension asset (liability)	\$ (1,135,594)	\$ (1,416,953)	\$ 536,844	\$ (6,357)	\$ (1,565,716)	\$ (416,152)	\$ (199,809)	\$ (569,617)	\$ (979,442)	\$ (200,023)
District's covered-employee payroll	\$ 2,375,666	\$ 2,238,741	\$ 2,027,216	\$ 2,082,298	\$ 2,015,102	\$ 1,866,292	\$ 1,750,241	\$ 1,632,563	\$ 1,570,155	\$ 1,559,237
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	47.80%	63.29%	-26.48%	0.31%	77.70%	22.30%	11.42%	34.89%	62.38%	12.83%
Plan fiduciary net position as a percentage of the total pension asset (liability)	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

See accompanying independent auditor's report.

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

**To the President and
Members of the Board of Education
Cuba-Rushford Central School District
Cuba, New York**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Cuba-Rushford Central School District* as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise *Cuba-Rushford Central School District's* basic financial statements and have issued our report thereon dated October 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered *Cuba-Rushford Central School District's* internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Cuba-Rushford Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Cuba-Rushford 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given those 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. We did identify a certain deficiency in internal control that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item II.A.2024-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Cuba-Rushford 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2024-002.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on *Cuba-Rushford Central School District's* responses to the internal controls over compliance finding and compliance and other matters finding identified in our audit described in the accompanying schedule of findings and questioned costs. *Cuba-Rushford Central School District's* responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 10, 2024**



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

**To the President and
Members of the Board of Education
Cuba-Rushford Central School District
Cuba, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited *Cuba-Rushford 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 the District's major federal programs for the year ended June 30, 2024. *Cuba-Rushford 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, *Cuba-Rushford 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 major federal program 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 *Cuba-Rushford 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 *Cuba-Rushford 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 *Cuba-Rushford 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 *Cuba-Rushford 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 *Cuba-Rushford Central School District* with the requirements of each major federal program as a whole.

Auditor's Responsibilities for the Audit of Compliance (continued)

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 **Cuba-Rushford 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 **Cuba-Rushford 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 **Cuba-Rushford 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 may be material weakness 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.

Purpose of this Report

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 10, 2024**

CUBA-RUSHFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

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Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 yes

 x no

Significant deficiency(ies) identified?

 x yes

 none reported

Noncompliance material to financial statements noted?

 x yes

 no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 yes

 x no

Significant deficiency(ies) identified?

 yes

 x none reported

Type of auditor's opinion issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)

 yes

 x no

Federal Program Title	Federal CFDA	
	Number	Amount
Total expenditures of Federal Awards		<u>\$ 3,538,404</u>
Identification of Major Programs Tested:		
COVID-19 - CRRSA ESSER 2	84.425D	\$ 325,518
COVID-19 - ARP ESSER 3	84.425U	1,788,337
COVID-19 - ARP SLR Comprehensive After School	84.425U	13,602
COVID-19 - ARP Homeless	84.425W	200
COVID-19 - ARP SLR Learning Loss	84.425U	80,000
COVID-19 - ARP SLR Summer Enrichment	84.425U	<u>33,789</u>
Total major programs tested		<u>\$ 2,241,446</u>
% of Federal programs tested		<u>63%</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk?

 X yes

 no

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2024-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2024

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Auditors' Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2024-002 Unassigned Fund Balance

Year ended June 30, 2024

Conditions and criteria: **Cuba-Rushford Central School District's** unassigned fund balance, less tax reduction reserve, as of June 30, 2024 amounted to approximately \$4,386,000. This amount constitutes approximately 16.6% of the 2024-2025 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditors' Recommendation: **Cuba-Rushford Central School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation of fund balance.

District's Response: The District will continue to closely monitor its fund balance in the future and will review all options with regards to reservation of fund balance.

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2024

No findings related to compliance are being reported upon during the fiscal year ended June 30, 2024.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2024

No findings related to internal control over compliance are being reported upon during the fiscal year ended June 30, 2024.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2023-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2023

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly effect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements in was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2024 as finding 2024-001.

B. COMPLIANCE AND OTHER MATTERS

2023-002 Unassigned Fund Balance

Year Ended June 30, 2023

Summary of Prior Year Finding: The District's unassigned fund balance as of June 30, 2023 amounted to approximately \$4,995,000. This amount constituted approximately 19.2% of the 2023-2024 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2024 as finding 2024-002.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year Ended June 30, 2023

There were no findings related to compliance during the year ended June 30, 2023.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2023

There were no findings related to internal control over compliance during the year ended June 30, 2023.